FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,015 — Friday March 4 1983 — D 8523 B

India: Mrs Gandhi reflects on her future, Page 14

NEWS SUMMARY

GENERAL

German and U.S. jobless rise

Unemployment in West Germany reached a post-war peak of 2.54m, 10.4 per cent of the working population, last month, the Federal Labour Office reported yesterday.

It said that the seasonal trend in unemployment figures over the past few months indicates that next winter's total will be higher. Page 3

In the U.S. new claimants for unemployment benefit totalled 502,000 in the week to February 19, up 30,000 on the previous week. Green light for economic recovery, Page 4

In the UK, the unemployment figure last month was 3.2m. This was 13.7 per cent of the workforce against 13.8 per cent in January. The underlying trend continues upwards, however.

West Bank raids

Israeli police raided Jewish settlers' homes near Hebron in the West Bank after shootings and a bomb attack against Palestinians in the past week.

Lebanon 'connivance'

The Soviet Union accused the U.S. of conniving at Israel's invasion of Lebanon last June to establish a long-term U.S. military presence there.

Labor set to win

Australian opinion polls all say that Bob Hawke's Labor Party will win the general election tomorrow. Fraser attack, Page 4; Men and Matters, Page 14

Pretoria arms finds

South Africa said large quantities of arms and explosives, mainly of Communist origin, were seized at 29,000 road blocks last year, mostly in Natal.

Astiz visa refused

Argentine naval officer Alfredo Astiz, wanted by France and Sweden last year for questioning about the deaths of some of their people in Argentina, was refused a tourist visa to South Africa.

Videos stolen

Thieves stole 150 of the first video recorders to be made at Honfleur, France, by the Japanese company Akai.

Koestler dead

Hungarian-born writer and journalist Arthur Koestler, 77, and his wife Cynthia were found dead at their London home. His books included Darkness at Noon, based on he 1930s Stalin purges.

Troops in Assam

Troops were deployed in seven districts in Assam state after renewed violence in which at least 50 died. Page 4; India to buy Jaguar fighters, Page 6; Interview with Mrs Gandhi, Page 14

Strike hits Citroen

Citroen's car plant at Aulnay near Paris was hit by a strike for the second day over the sacking of 12 workers after a fight last month.

Briefly...

Zambia's Higher Education Minister Remmy Chisupa died in a London hospital from an undisclosed cause.

Torrential rains in Australia were doing little to ease the country's worst drought. Page 29

A 400m world campaign to fight childhood diseases in developing countries was announced.

Portuguese car rally's second leg was cut short at Povoa de Varzim by glass workers protesting at a planned factory closure.

BUSINESS

DM120m boost for Hapag-Lloyd

● THE THREE MAJOR shareholders in Hapag-Lloyd, ailing West German shipping and travel group, are to put DM 120m ($49.48m) into the company. Hapag-Lloyd is to write down its capital by DM 60m to DM 120m. Page 16

● DOLLAR lost ground on uncertainty caused by the Opec meeting and next Sunday's West German general election. It closed at DM 2.425 (DM 2.4315), FFr 6.874 (FFr 6.8925) and Y236.25 (Y237.1). It rose slightly to SwFr 2.053 (SwFr 2.0515). Its trade-weighted index was 120.2 (120.5). Page 32

● STERLING finished higher at $1.513, a rise of 65 points, DM 3.67 (DM 3.6625), SwFr 3.11 (SwFr 3.09), FFr 10.405 (FFr 10.375) and Y358 (Y357.5). Its trade-weighted index was 79.8 (79.6). Page 32

● GOLD rose $2.5 to $430 an ounce in London. In both Frankfurt and Zurich it was $0.5 up at $429.5. Page 29

● FRANKFURT: Commerzbank index added 6.7 to 818.4. FAZ index rose 1.81 to a record 272.45 on hopes of a conservative win in Sunday's general election. Pages 25, 28

● TOKYO: Nikkei Dow index fell 8.28 to 8,005.02. The Stock Exchange index edged up 0.92 to 580.31. Pages 25, 28

● HONG KONG: Hang Seng index shed 25.38 to 1,002.74. Pages 25, 28

● AUSTRALIA: All Ordinaries index was 7.8 up at 508. Pages 25, 28.

● WALL STREET: Dow Jones index closed 3 up at 1,138.06. Page 25. Full share listings, Pages 25–28

● LONDON: FT Industrial Ordinary index closed 10 higher at 661.6, mainly on confidence about the world economy. Gilts: longs rose by as much as ¾, shorts by ⅛. Page 25. FT share information service, Pages 30, 31

● MEXICO signed the $5bn six-year loan from international banks which forms a key part of its debt rescue package. A first $1.7bn instalment will be drawn on March 14.

● SPAIN was said to have cleared the way for four foreign banks to set up branches, there. Page 16

● PORTUGAL asked international bankers to submit terms for a $400m to $500m Eurocredit intended to meet part of its $3bn foreign borrowing this year. Page 17

● SOUTH AFRICAN banks are to lower prime lending rates by 2 percentage points to 14 per cent on Monday, the second cut in less than a month. Page 4

● WORLD OIL PRICE fall is likely to delay further contract negotiations between foreign oil companies and China to exploit China's offshore reserves. Page 6

● LONDON high Court refused to grant two Lonrho companies orders requiring a Liechtenstein trader to produce accounts on amethyst dealings. Page 20

● ITALY plans spending cuts and tax adjustments to cut the expected 1983 public sector deficit by some L6,000bn ($4.3bn). Page 2

● DUTCH industrial energy costs will be reduced to those applying in West Germany after an agreement between the gas authority and electricity producers. Page 2

● NEW ORLEANS appeal court rejected Pacific Southwest Air's attempt to take over some domestic routes of Braniff, which filed for bankruptcy in May. Page 17

● UK COMPANY assets fell by more than £1bn ($1.51bn) last year. Page 29

● HOWARD SMITH, Australian coal to sugar to shipping group, reported profits down from A$25m to A$17.4m ($16.7m) last year. Page 18

Opec ministers to meet again in bid for price pact

BY ROGER MATTHEWS, MIDDLE EAST EDITOR, IN LONDON

Eight ministers from the Organisation of Petroleum Exporting Countries (Opec) failed to agree yesterday on a pricing and production pact aimed at preventing a collapse in world oil prices. They are due to meet again in London today.

Ministers had little to say after five hours of talks, despite earlier predictions from Sheikh Ahmed Zaki Yamani, Saudi Arabia's Oil Minister, that they were on the verge of an agreement.

Dr Mana Said al-Oteiba, the United Arab Emirates' Minister, at whose London house the talks were held, would say only that he hoped an agreement could be reached.

The main difficulties appear to have been the attitudes of Iran and Nigeria. Iran's total opposition to a cut in the $34 a barrel Opec reference price was forcibly put by Mr Kamal Hassan Maghour, the Libyan Minister, who made an unexpected appearance at the talks.

He also said Iran wanted a production quota of 3m barrels a day, which is well above even its current output level. An Iranian delegation may attend today's talks.

Mr Yahaya Dikko, the Nigerian representative, was reported to have indicated strong resistance to suggestions that Nigeria should modify its announced $5.50 cut as part of a realignment of prices. He insisted that Nigeria would act only within the context of a firm global agreement.

The proposal put forward by Saudi Arabia and the Gulf states is that the $34 Opec reference price should be cut by $4 and that Nigeria should trim its reduction by $1.5. This would provide for a Nigerian price of $31.50 for its superior quality Bonny light.

The Nigerians have insisted that they can not accept less than parity with Britain's North Sea crude, which under proposals by the British National Oil Corporation will be priced at $30.50.

Dr Humberto Calderon Berti, the Venezuelan Minister, who has been acting as the principal Opec conciliator, held 30 minutes of talks with Mr Nigel Lawson, the British Energy Secretary, yesterday morning.

After the Opec talks Dr Oteiba went to see Mr Lawson, who is understood to have reaffirmed his Government's refusal to become involved in any formal pricing or production agreement.

Dr Calderon emphasised his belief that unless an Opec agreement was reached, preferably accompanied by an understanding with non-Opec producers, then Saudi Arabia and the Gulf states were ready to slash their prices by $7 a barrel.

Mexico, the other key non-Opec member which has been involved in the last two weeks of intensive consultations, has delayed deciding on the size of its price cut. Mexican representatives attended yesterday's talks as observers.

If a framework agreement is reached today, the ministers expect to move on to Lausanne for an extraordinary Opec meeting starting on Sunday or Monday.

Francis Ghiles writes: Mr Belkacem Nabi, the Algerian Oil Minister, said after yesterday's talks that the industrialised countries would be wrong to think that if the oil price fell they would derive anything but short-term benefit.

"It would be in the interest of the industrialised world to put some order into the oil market and put an end to manipulations which relate to the spot market and the use to which oil stocks are put," he said.

Klöckner gets DM 100m guarantee from CRA

BY JAMES BUCHAN IN BONN

CRA, the Australian mining and metals group, is guaranteeing DM 100m ($41m) in new equity to be pumped into Klöckner-Werke, the West German Steelmaker currently experiencing liquidity difficulties.

Under an agreement announced by Klöckner yesterday, CRA will guarantee a special DM 100m issue of convertible loan stock, secured against unspecified Klöckner assets. The stock will run until 1993 but will be convertible into equity from 1985 "in the light of developing business co-operation."

The two companies have been formally linked since 1981, and yesterday's move follows only three days after CRA had announced in Melbourne that it was making an initial payment of DM 25m towards extending the original techology-sharing agreement. It will now be developed so as to give CRA the entire range of Klöckner's steel-making processes. Rio Tinto-Zinc, the UK-based mining group owns 57.2 per cent of CRA.

Under the original agreement, CRA took a 50 per cent stake in Klöckner's coal gasification subsidiary and the two companies formed a company based in Singapore to investigate opportunities for further marrying Klöckner technology with CRA's strength in raw materials. The new agreement is believed to cover supply of basic materials for Klöckner's main steelmaking plant in Bremen. CRA, through its control of Hammersley deposits in Western Australia, is among the world's largest iron ore producers.

Klöckner has been the object of intense speculation in West Germany since January, when it petitioned the Bonn government for some DM 400m in immediate aid. Yesterday the company also announced a reduction in its net loss during the financial year ended last September 30 to DM 48m from DM 87m the previous year, although in common with other German steel companies, it is thought to have been losing heavily on production since then.

Klöckner, which is seeking to take part in a wide-ranging merger plan for the German industry put forward in January, has met strong resistance from its chief proposed partner, Hoesch of Dortmund, ostensibly because of its financial position. However, Klöckner yesterday rejected as "complete rubbish" a report that it would seek a court-supervised settlement of its debts after Sunday's general elections.

CRA last week reported a net loss of A$13.6m for the full year 1982, compared with a A$33.1m profit in 1981, although the trading position strengthened in the second half of the year.

In a separate move yesterday, Klöckner announced that it had broken off its profit and loss-sharing agreement with the Maximilian Hütte steelworks in Bavaria.

Deal near on airliner engine

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

A MAJOR new five-nation, seven-company collaborative arrangement to develop a $1.5bn aero-engine of future 150-seat jet airliners has now become much closer.

In the past few days Rolls-Royce of the UK and Pratt & Whitney of the U.S., have achieved a major breakthrough on the potential work-sharing, whereby each would have about 30 per cent of the work and put up a corresponding amount of cash.

The remaining 40 per cent would be divided among the other prospective partners – three Japanese aero-engine companies, Fiat Aviazione of Italy and West Germany's Motoren und Turbinen Union (MTU).

The Rolls-Royce/Pratt & Whitney agreement was first achieved at engineer level, and has been approved by both companies' top managements in the past few days.

Mr Robert Carlson, president of Pratt & Whitney, has been in London this week for talks with Lord McFadzean, chariman of Rolls-Royce.

Although both companies remain reticent about the breakthrough – as yet there are no signatures on anything – there is no doubt that they feel much more confident about a collaborative venture than even a few weeks ago.

Both stress there is still much more work to be done but the general belief is that a final agreement among all the partners can be achieved by mid-year. The major tasks now are three-fold.

The first is to decide how the remaining 40 per cent of the work will be spread between the three Japanese aero-engine companies (Ishikawajima-Harima Heavy Industries, Kawasaki Heavy Industries and Mitsubishi Heavy Industries), Fiat Aviazione and MTU.

The plan must pass the obstacle of the U.S. Justice Department, which controls the operation of the U.S. anti-trust laws.

Rolls-Royce must also convince the UK Government that the plan is sufficiently soundly based to justify granting the necessary launching aid, amounting to between $400m and $500m for Rolls-Royce's share. Pratt & Whitney would find its share of the cash from its own resources.

Under the Rolls-Royce/Pratt & Whitney agreement, Rolls-Royce will build the "front end" of the engine, covering the wide-core bladed fan, low-pressure compressor and low-pressure turbine, in the technology of which Pratt & Whitney recognises Rolls-Royce to lead the world.

Pratt & Whitney will undertake the engine's "core" or "hot" parts, such as the combustion chamber. Both companies will draw extensively on existing experience – Rolls Royce on the work it has done on the RJ-500 engine with its Japa-

Continued on Page 16

Gulfstream order, Page 6; men and matters, Page 14

Reserves fall could threaten Chile's solvency

By Anatole Kaletsky in Santiago

CHILE IS continuing to lose foreign currency reserves at a rate which could endanger the country's solvency despite the three-month debt moratorium on repayments of principal to banks agreed by the Government and its international creditors in January.

This conclusion is being drawn by growing numbers of bankers and economists in Santiago who detect signs of alarm and confusion in the Goverment after a fall of more than 10 per cent in the peso/dollar exchange rate during the past two weeks.

The abrupt fall in Chile's reserves is likely to be the central issue in the new round of negotiations which began yesterday between the Government and the International Monetary Fund (IMF). The reserves are far below the target agreed with the IMF in December.

In the face of persistent fears of a significant official devaluation, the central bank late on Wednesday, issued a request for all domestic banks to observe the official "reference" exchange rate of 75 pesos to the dollar in their foreign exchange dealings.

The market rate has risen more than 90 pesos in recent days and despite the central bank's request there has been no indication of how the authorities intend to intervene in the foreign exchange market to preserve the official rate.

The central bank's foreign exchange request followed another unusual instruction issued earlier this week. This called on local banks to stop all principal repayments to any foreign bankers which were refusing to renew short-term lines of credit to Chile.

This instruction was presented as no more than a reaffirmation of the debt moratorium agreed with the foreign banks in January.

The fact that the instruction was heavy-handed and that it was imposed unilaterally without consulting the advisory committee of 12 international banks leading the rescheduling talks in New York, could create a new psychological obstacle to a debt agreement.

Leading Chilean bankers are saying privately that they will

Continued on Page 16

Caceres profile, Page 4

EEC expects Japan to raise price of VCRs

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN COMMISSION expects Japan to be ready before the end of March both to raise the selling prices of its video cassette recorders (VCRs) in the EEC and to restrain total shipments to Community countries.

Few details are yet available of how the controversial agreement negotiated in Tokyo last month will work in practice. European manufacturers and trade officials in Community governments are concerned about the lack of information.

French officials said yesterday in Paris it was "fairly disquieting" that there was so much imprecision about the detail of the accord.

Grundig, the West German consumer electronics group, said it had still not received the written details about the agreement with the Japanese on VCR sales, for which it had asked. It now expected the details by the middle of next week.

The Commission itself has been slow to grapple with the nuts and bolts of the accord and is waiting for Japan to come up with a plan for implementing it.

Officials claim they can do little else since the whole arrangement is based on Japanese undertakings which have to be unilateral, in order to satisfy the rules of the General Agreement on Tariffs and Trade (Gatt).

Moreover, they say, contacts with Tokyo have produced assurances that the Government will have issued its manufacturers with the necessary administrative guidance on prices and quantities before the end of March.

Japan has undertaken to limit its VCR shipments to the Community to 4.55m units this year and to guarantee a market for 1.2m units produced by European manufacturers.

At the same time it promised to operate a "floor price" system to align the prices of ex-stock Japanese VCRs with their ex-factory European equivalents – that is those produced by Philips and Grundig.

The Commission has not, apparently, taken a position on the extent to which the prices of Japanese VCR's will need to be raised. Grundig and Philips, which have both had to reduce their prices in recent months to meet Japanese competition, are insisting that they must be able to raise their selling prices as a result of the agreement.

But they will not withdraw anti-dumping complaints against Japanese manufacturers until they are satisfied with the proposed selling prices.

Commission officials acknowledge that the administration of the agreement may produce any number of problems but they claim that these can be dealt with through the regular contacts between officials charged with making it work.

For example, there can be no cer-

Continued on Page 16

UK car unions in imports compromise

BY OUR POLITICAL AND LABOUR STAFF

A COMPROMISE package of proposals aimed at lifting the threatened union ban on the import of General Motors' S car was reached at talks in London yesterday.

It remains up to workplace votes by Vauxhall's 20,000 employees to decide whether the peace formula is accepted.

Mr Gerry Russell, senior negotiator for the Amalgamated Union of Engineering Workers, said last night he believed the company's assurances that there will be no loss of jobs or earnings would be accepted by the three unions involved.

He expressed serious reservations, however, about the formula which failed to give any commitment to move General Motors' UK operations over from assembly to manufacturing.

"Certainly they have safeguarded some jobs but quite frankly we are most unhappy that GM is not treating British car workers as responsible manufacturing workers."

It is understood that as part of the package GM has given a firm undertaking that the T-85 – the refurbished Astra – will be assembled at its Ellesmere Port plant in 1985.

The company is also believed to have promised not to dismiss a number of workers regarded as surplus.

The three unions – the Transport

Continued on Page 16

UK motor trade account in red, Page 7; editorial comment, Page 14

CONTENTS

EUROPEAN NEWS

Battle for control of Ireland's industry policy

BY BRENDAN KEENAN IN DUBLIN

A POWER struggle is taking place behind the scenes in the Irish Republic for control of the country's industrial development policy. The main participants are the Irish Department of Industry and Energy and the Industrial Development Authority (IDA), but the Irish Export Board (CTT) and even the Foreign Ministry could be involved.

Irish industrial policy has been under review for the past three years. The main work, a report by the U.S. consultants Telesis, while praising Irish successes, was critical of the reliance on foreign firms and the weakness of Irish owned industry.

Now, an interdepartmental committee of civil servants has broadly endorsed Telesis' views, according to a report leaked to *Irish Business* magazine. The main conclusion is that the Department of Industry should take control of the formulation and monitoring of industrial strategy.

This role has in effect been carried out by IDA, which has a high international reputation. In the past 10 years unders its aegis over 40,000 jobs have been created from foreign investment in Ireland.

However, IDA's very success has created an imbalance in the structure of Irish manufacturing. Foreign companies now account for 80 per cent of all industrial exports and 60 per cent of manufacturing employment.

The Telesis report found Irish-owned industry to be weak with too great a reliance on the UK market (on which 80 per cent of exports still depend), and without the managerial and marketing strength to break into international markets.

Among the fiercest arguments in coming months will be those over the suggested cuts in some of the aid now available to companies in Ireland. The departmental committee singles out re-equipment grants and tax based, low interest loans for special criticism.

The real issue will be who controls policy planning and monitoring in future. The civil servants say staff should be transferred from IDA if necessary.

The export board is likely to be involved because of the need to build up the export skills of Irish farms. This could even involve an expanded commercial role for Irish embassies and diplomatic missions.

Export credit rules set for further review

BY DAVID MARSH IN PARIS

GOVERNMENT OFFICIALS from 22 industrialised nations, meeting in Paris this week under the auspices of the Organisation for Economic Co-operation and Development for preparatory talks on a new world export credit agreement, agreed to make further studies on the impact of falling interest rates on official credit guidelines.

The experts, who wrapped up talks one day early on Wednesday, will assemble again between April 25 and 27 to try to thrash out details of a new accord on export credit terms to come into effect at the beginning of May.

Significantly, the EEC has yet to agree on a common negotiating position. There is a split between countries like France and Italy, where capital market interest rates are still higher than the present pattern of "Consensus" minimum rates of 10 per cent to 12.4 per cent on officially-subsidised credits, and those like West Germany and the Netherlands, where rates have fallen below the Consensus levels, according to officials in Paris.

The U.S. is sticking to its traditional approach. It would like to move towards an elimination of subsidies in official export financing.

The officials will between now and next month be studying the increasingly important problem of countries offering export credit in foreign currencies bearing interest rates below the official minima.

Romania to lose U.S. tariff benefit

By David Buchan

THE UNITED STATES is to strip Romania of preferential tariff status in retaliation for Bucharest's new tax on emigration. The move marks the lowest point in the two countries' relations for more than a decade, and could halve the volume of Romanian exports to the U.S. according to U.S. officials.

Denial of "most favoured nation" tariff treatment will take effect at the end of June. The delay is to give time for the U.S. importers to adjust to the higher duties and for the Romanian Government to reconsider its tax.

U.S. law bars provision of preferential credit or tariff treatment to Communist countries which restrict emigration. Last November the Romanian authorities announced that citizens wishing to emigrate would have to pay the hard currency equivalent of the cost of their higher education beyond the compulsory 10 years schooling.

Washington immediately warned Bucharest that this tax would lose it its "most favoured nation" status. High level consultations, concluding with talks in Washington this week by Mr Georghiu Dolgu, the Deputy Foreign Minister, failed to resolve this impasse, and the tax has gone into effect.

The U.S. complaint has been that the tax is paid in hard currency which Romanians are neither legally allowed to hold nor able to earn.

Washington has sought good relations with President Nicolae Ceaucescu, whose free-wheeling foreign policy has often set Romania apart from its Warsaw Pact partners.

But these efforts have ultimately foundered on what successive U.S. administrations have criticised as Mr Ceaucescu's repressive domestic policies.

Some Romanians themselves have expressed puzzlement at the emigration tax move, and speculated that Mr Ceaucescu wanted to "manufacture" a row with Washington, which would stand him in good stead in his bid to win more economic aid from Moscow.

David Housego in Paris tells why the Left expects to lose only a little ground on Sunday

Opposition looks in vain for the tide to turn

THE OUTCOME of the municipal elections in France will amount to a first popular verdict on President Francois Mitterrand's Socialist administration, but the campaign has generated surprisingly little excitement.

Government and opposition are engaged in gladiatorial combats in such larger cities as Paris and Marseilles. The respective outgoing mayors in those two cities—M Jacques Chirac, leader of the neo-Gaullist RPR and M Gaston Defferre, the Interior Minister—are both expected to carry the day in what have largely become their personal fiefs.

M Raymond Barre, a former Prime Minister, has held provincial audiences in awe by his dry analysis of the ills of the economy. On the government side, M Pierre Mauroy, the present Prime Minister—with his lilting voice and his eternal message of hope, the complete antithesis of his predecessor—has been applying reassuring balm, though temporarily put out of his stride by the dreadful trade and inflation figures announced last weekend.

The nationwide surge—which carried the Left to victory in the last municipal elections, in 1977, and then again in the legislative elections of 1981 — was over-confidently believed by the opposition to be going to elect to its advantage this month. But this has failed to happen so far.

Opinion polls show an electorate disgruntled with the Socialists. There are also signs, though, of voters remaining loyal to the Socialist and Communist mayors they put into office six years ago, and who are seen to have done a good job since. It is thus a fragmented picture in which M Mitterrand's reported comment some time ago, that the Left should be able to limit its losses to 20-30 of the towns of more than 30,000 people, remains as wise an assessment as any.

In the two-round poll (March 6 and 13), electors are being asked to choose mayors and councillors in 36,400 towns and villages. Particularly since the new decentralisation measures of last year, mayors have acquired a power and status in France which makes the contest important. About 35 members of the government are standing as candidates and political parties regard the control of municipalities as the source of their grass-roots strength. The outcome will be judged, however, on the share of the vote which the Left obtains and how it fares in the 61 towns it gained in 1977.

The campaign has had few dramas, yet there is a tangible expectancy in Paris. The first (and most important) round of the French municipal elections coincide with the West German parliamentary poll and both uncork a host of issues which had been bottled up by the electoral calendar.

Awaiting resolution are:

- The timing of a devaluation of the French franc.
- A cluster of Franco-German problems, which are perceived in Paris as including security questions, the bilateral trade deficit against France, and progress over the greater economic and industrial collaboration which is at the heart of President Mitterrand's vision of Europe (it has been reported that he will be watching the German results more closely on Sunday night than the French ones).
- The shape of a new French austerity package to curb imports and inflation about which the Socialist Party is deeply divided.
- The displacement of M Mauroy as Prime Minister, which is expected to occur before the end of the year.
- A reassessment by the Communists of their role as coalition partners.
- Stock-taking by the opposition of how it dislodges a well-entrenched government.

FRENCH MUNICIPAL ELECTIONS

There are signs of voters remaining loyal to the left-wing mayors they put into office six years ago and who are seen to have done a good job since.

In the case of the Opposition, the campaign has finally made clear that, contrary to M Chirac's expectations of only a few months back ("the Socialist experience will only last two years") there is no short cut back to power. In fact, the right-wing opposition has probably done itself harm with the public, which clings tenaciously to the stability of the institutions of the Fifth Republic, by suggesting that the Government could be got out before the expiry of its term of office.

The Opposition has neither a programme nor leaders, M Chirac, M Raymond Barre or M Valery Giscard, the former president—with much popular appeal. One of the issues is whether the Right can, or should, change horses. In M Mitterrand, it has an opponent who knows how to use the massive powers of the presidency to reinforce the Left. So the Opposition is now focussing its attention more realistically on the more distant horizon of the legislative elections in 1986 and the presidential one in 1988.

For the first time, the Right is beginning to analyse dispassionately how it came to be beaten in 1981 after 23 years in power, and what it must do to regain the confidence of the French. This reflection is crystallised in a remarkable book "De la Reconquete" written under a pseudonym by, it is rumoured, one of M Giscard's former assistants. It shows how many of the features of Socialist rule, criticised by the Right—such as higher social security and tax payments, increasing intervention in industry, the growing power of the state—have their origins in M Giscard's term of office.

Among some politicians of the Right there is visible relief that they do not have to take power in the immediate future. They are convinced that the Socialists have yet to reap the unpopularity of their reversal of the expansionary policies of 1981-82 by further disinflationary policies this year to restore the flagging competitivity of French industry. They point to the overhanging burdens of deficit and debt (record trade and current account deficits last year of FFr 93bn (£8.96bn) and FFr 80bn (£7.75bn) respectively); an anticipated budget deficit this year of FFr 120bn, to which should be added a FFr 25bn deficit in the public sector and possibly FFr 20bn in the welfare budgets. They happily quote the remarks of M Jacques Delors, the Finance Minister, to the effect that, if 1982 was bad, 1983 will be more difficult.

It is the immense difficulty of the economic choices ahead that lies at the heart of the divisions within the Socialist Party.

The main divide within the party is to do with the two issues of protectionism and consumers' purchasing power. A minority within the party and the government believes that the trade deficit should be reduced by cutting imports. This could be achieved by more public sector purchases of French goods, by import deposit schemes or other inexplicit methods. But the minority rejects attempts to reduce the trade deficit by cutting purchasing power as deflationary of the economy, aggravation of unemployment and exacerbation of the budget and social security deficits.

M Mitterrand has yet to show his hand on the immediate choices. Although confident of his own judgment in foreign affairs and non-fiscal domestic politics, he has been hesitant in the management of economic policy. He hopes that a combination of a global recovery, lower oil prices and a falling dollar would remove the need for a further unpleasant dose of medicine. Some French officials see this as indecision leading to a slow sapping of the French economy by the "English disease."

An important factor in the decisions he must take will be the West German attitude, after the election there, to such issues as a re-valuation of the Deutsche mark, the link between Thomson and Grundig, and the measures a new German administration would be prepared to take to trim the bilateral trade deficit so as to help France.

An uncomprehending German administration could provide protectionist pressures in France.

Another factor to be taken into account—whose importance will depend on how well the party does on Sunday—is the attitude of the Communist Party. It has muted its hostility to austerity measures, because it has needed Socialist support in the elections.

If the party proves to be unwilling to quit the government afterwards, the Communist-led CGT unions could take a more militant stand and thus jeopardise the industrial peace on which the government's policies have been based.

Italian Left remains divided

BY JAMES BUXTON IN MILAN

ANY possibility that the congress in Milan of the Italian Communist Party (PCI) might lay the basis for a rapprochement between the Communists and the Italian Socialist party was dashed yesterday.

Sig Bettino Craxi, Socialist party leader, addressing the second day of the congress, challenged the PCI to make the first move to improve relations between the two major parties of the Left.

Speaking in the vast Palace of Sport, Sig Craxi told PCI delegates that relations between the two parties were "not good, and not as they perhaps could be."

The first point of divergence which he highlighted was on the issue of nuclear weapons in Europe. The Socialist party, currently in coalition government with the long-ruling Christian Democrats (DC), supports the installation of Cruise missiles in Sicily, while the PCI opposes it.

After the speech, Sig Craxi exchanged only a handshake with Sig Enrico Berlinguer, the PCI leader.

When the conference began on Wednesday, Sig Berlinguer criticised some Socialist party members and policies and called on it to make up its mind on whether it wanted to ally with PCI or remain with the Christian Democrats.

The PCI appears determined to stick to its official strategy of offering a "democratic alternative" to the Centre-Left coalitions led by the Christian Democrats. This is based on the theory of the PCI winning at least 51 per cent of the vote against the 30 per cent it gained at the 1979 elections.

Such a vast gain in electoral strength is not a practical proposition in Italian politics, least of all now, when PCI support shows signs of diminishing.

An alliance with the Socialists, the country's third biggest party after the Christian Democrats and the PCI itself, would give it a slightly better chance.

Italy aims to keep public sector deficit at £33bn

BY OUR ROME STAFF

THE ITALIAN Government is aiming to reduce the public sector deficit this year by some L6,000bn (£2.7bn) to hold it at around last year's L71,000bn (£33.3bn). This would be a significant drop in real terms, Sig. Giovanni Goria, the Treasury Minister, said yesterday.

The accuracy of his estimates, given in a brief statement after a meeting of economic ministers, will be tested when the Treasury accounts for the first two months of 1983 are released later this month.

If the Government can hold the deficit to last year's figure it will be regarded as a triumph for Sig Goria who, at 39, is the youngest man in the cabinet. The deficit had threatened to reach L112,000bn this year—17 per cent of gross domestic product and the motor of Italy's 16 per cent inflation rate.

In January the Government announced the last of a series of decrees intended to reduce the deficit by L15,000bn mainly by raising taxes and charges for state-provided services, such as public transport.

Netherlands power charges cut

By Walter Ellis in Amsterdam

DUTCH INDUSTRY'S competitiveness is expected to receive a strong boost following a new agreement between Gasunie, the Netherlands' gas authority, and the Federation of Dutch Electricity Producers to lower electricity charges to major users.

The intention of the agreement, approved by Mr Gijs van Aardenne, the Economics Minister, is to bring industrial energy costs down to the level now applying in West Germany.

Dutch manufacturers have complained for years that, because of high power tariffs, they are labouring under an unreasonable handicap. Until last July, West German industry had been charged only half the Dutch rate for electricity, and there were also disadvantages in respect of Belgium.

Mr Jan Terlouw, Economics Minister in the previous centre-left Administration, then announced that tariffs for those companies using more than 30m kW per year were to be cut by four cents (about 1p) per kilowatt, to a new rate of between 9 and 11 cents. The Social and

Now Mr van Aardenne has approved further changes under which the 30m kW cut-off point will be reduced to only 20m kW, while the biggest users of all—those requiring 150m kW or more annually—will have their charges further cut by around 1.5 cents per kilowatt.

Vredeling directive under fire

By John Wyles in Brussels

LEADERS of UNICE, the umbrella organisation representing national industrial federations within the EEC, yesterday registered their last formal protest at the contents of the so-called Vredeling directive before the European Commission adopts final proposals to establish employee rights to information and consultation.

At a meeting with Mr Ivor Richard, the Commissioner for Social Affairs, Sig Guido Carli, the UNICE president, made clear that the draft directive remained fundamentally unacceptable, in spite of Mr Richard's readiness to apply important amendments passed by the European Parliament last autumn.

The representations may produce some marginal alterations in the Commission's final draft, but the main lines have already been settled by Mr Richard.

In the meantime, he will be hearing next week what the Keidanren—the Japanese business organisation—has to say on the subject and his consultations will be wound up shortly after by talks with an ad hoc group of U.S. multinationals with subsidiaries in the Community.

While stressing that there is no need to impose information and consultation obligations on multinationals and other groups, UNICE yesterday complained strongly about the nature of the information to be provided and the subject matter of consultations.

Norway warned to reduce costs and prices

BY ROBIN PAULEY

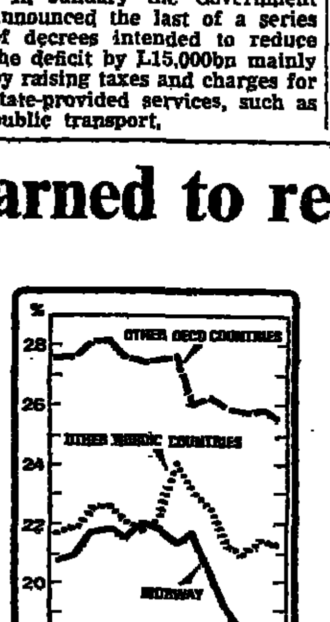
NORWAY will have to take concerted steps to moderate wage settlements and to improve external competitiveness if the deterioration in economic performance of the last two years is to be halted, according to the Paris-based Organisation for Economic Co-operation and Development.

In a gloomy and critical report, published today, the OECD says that until 1979, domestic use of rapidly rising oil and gas revenue, through higher public spending, enabled Norway to maintain full employment, together with a fairly steady rise in the growth of real incomes and living standards.

However, simultaneously, the country's industrial base was being eroded and the economy was becoming more vulnerable to developments in the oil sector and the international recession.

Consequently, the last two years have been periods of stagnation, falling current account surplus and a weakening labour market.

"Unless substantial progress were to be made on the cost and price front, the overall situation would not improve much in 1983. Given the stagnation of estimated future oil revenues and prospects for only moderate growth in international trade, the maintenance of satisfactory employment conditions and high living standards over the medium term will depend heavily on the strengthening of the exposed sectors of the economy," the report says.



The comment is all the more serious for Norway as it was based on oil prices and exchange rates being maintained at the level of November 1982, well before the current hiatus on oil prices.

Norwegian export markets for manufactured goods are forecast to expand by only 1 per cent to 1.5 per cent in 1983 and, assuming some decline in oil and gas deliveries, total exports of goods and services may grow in volume terms by only 0.25 per cent on average.

Recent surveys indicate a reduction in earlier investment plans and real capital spending by manufacturing industry may fall by 15 per cent. Businesses report very high rates of unused capacity. Import volumes are expected to rise by about 4 per cent.

The weak position of companies, coupled with the growing number of young people and women entering the labour force, could cause total unemployment to rise from about 2.5 per cent in 1982 to 3 per cent in 1983.

The report notes the "strikingly poor" performance of the Norwegian manufacturing sector and says the weakening of the traditional industries has been too pronounced. Lack of competitiveness, unfavourable commodity and regional foreign trade structures and the failure to redirect output to areas of more rapidly expanding demand and to penetrate faster growing markets are cited as evidence of structural rigidities in both product and labour markets.

Changes are needed in the tax, transfer and subsidy systems in order to increase work incentives and to improve the functioning of the labour markets.

In 1980, total tax receipts amounted to 47 per cent of gross domestic product, second highest after Sweden in the OECD and a third above the OECD average of about 37 per cent. Ireland, the UK and West Germany have average OECD tax rates. About a third of Norway's taxpayers face a marginal rate of tax of 50 per cent or more.

Pressures for more government support to ailing industries should be resisted in spite of the difficulties.

The report is also strongly critical of Norway's system of wage negotiations which, it says, is not very conducive to wage moderation.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Ins and outs of electoral system has many people in a spin

BY JONATHAN CARR IN BONN

WEST GERMAN ELECTIONS

March 6

PITY THE West German voters! For one thing, they are having to turn out on Sunday for their second general election in a little over two years. Normally, another national poll would not be due unti autumn next year, but the collapse last September of Chancellor Helmut Schmidt's centre-left coalition meant the date was advanced.

For another, the West German electoral system is one of the most complicated in the world.

As is usual shortly before elections here, shocked politicians are brandishing opinion polls showing many people do not know the ins and outs of the system. The leaders of the small, liberal Free Democrat Party (FDP) are expressing the most worry—for reasons which will be made clear.

The key features of the system are the "second vote" and the "5 per cent hurdle." Every West German citizen above the age of 18 (that is 43.4m people) has two votes. The first goes to a candidate in his constituency who is elected by a simple majority—the "first past the post" system.

Half the deputies in the Bundestag (the lower house of the federal Parliament) are elected this way—that is 248 from a total of 496. One could call it the "personal vote" because many candidates tend to get in not because of their party affiliation but because of their individual qualities.

The second vote is given to a party rather than a person and decides the final parliamentary balance of power. The second votes for each party are counted and seats are divided proportionately. Each party has lists of candidates for the seats available. The lower you are on the list, the less chance you have of getting into Parliament.

The "5 per cent hurdle" means that no party which fails to gain at least 5 per cent of the second votes (or at least 3 of the direct mandates) can be represented in parliament. That explains the concern of the FDP (junior partner in the present centre-right coalition just as it was, until last September, in the centre-left alliance).

The FDP has won no direct mandates since 1957 and thus has always entered Parliament —and government—on the strength of its second votes alone. Opinion polls show the party now hovering dangerously close to the 5 per cent mark, and thus no far from extinction as a parliamentary force.

The system means, of course, that West Germans can "split" votes—perhaps voting for a local Christian Democrat (CDU) candidate with the first ballot, but for the FDP with the second. At present, it looks as though about 10 per cent of voters will be "splitting." But only on Sunday night will we know what combination they finally choose.

Voters on Sunday have 13 parties to choose from, but only five have a real chance of gaining Bundestag seats.

The "Big Five" are:

● **Christian Democratic Union (CDU).** Gained 34.2 per cent of the vote at the last general election and operates as a single parliamentary group in Bonn with the Bavarian Christian Social Union (CSU). The CDU leader is Herr Helmut Kohl, who overturned Herr Helmut Schmidt in a parliamentary no confidence vote to become Chancellor last October.

The CDU, formed in 1945, is Catholic-based, conservative, supports business interests and firmly backs the Nato alliance and its nuclear missiles policy.

● **Christian Social Union (CSU).** Founded 1945, and led by the burly, irrepressible Herr Franz Josef Strauss from one Bavarian victory to another. It only puts up candidates in its home state, while the CDU puts up none there. In contrast to Herr Kohl, the CSU thinks little of the FDP and would like to see it out of the Bonn coalition. The CSU swept Bavaria in the 1980 election, giving it, proportionately, 10.3 per cent of the national vote.

● **Social Democratic Party (SPD).** Gained 47.9 per cent of the vote in 1980. The recreation of the party of the same name outlawed in Hitler's time. Held power for 16 years continuously until last October, first with the CDU then with the FDP. Representative of labour interests, wants to press state expenditure plans to try to curb unemployment and is hostile to Nato's nuclear plans.

The party chairman is Herr Willy Brandt but the candidate to become Chancellor is Herr Hans-Jochen Vogel, a former Justice Minister.

● **Free Democratic Party (FDP).** Thought itself lucky when it gained 10.6 per cent of the vote in 1980 and will be delighted this time to gain the crucial 5 per cent. Calls itself "liberal" implying it wants nothing to do with the far-right or far-left but is ready to ally with the moderates of both sides. Its leader, and the Foreign Minister, is Herr Hans Dietrich Genscher.

● **Greens.** Some say this is still not a party but rather a diverse movement of ecologists, pacifists and other radicals of various description. But the Greens have won seats in several provincial parliaments and might scrape into the Bundestag now—for the first time. Strongly oppose Nato's nuclear plans. Western allies fear a loose parliamentary alliance between Greens and the SPD might thus undermine a key element of Nato defence.

Unemployment at post-war high

UNEMPLOYMENT in West Germany hit a new post-war peak in February of 2.54m or 10.4 per cent of the workforce, the Federal Labour Office reported yesterday, writes Stewart Fleming in Frankfurt. **Moreover, the seasonal trend in the unemployment figures over the past few months indicates that, next winter, the jobless total will rise even further.**

Herr Josef Stingl, head of the office, warned against "illusions" about the labour market prospects. People should be perfectly clear that nobody is expecting in a short period an economic upturn which will be strong enough to reduce unemployment.

His remarks and the warnings about the outlook for next winter will not be welcomed by Chancellor Helmut Kohl and his Christian Democratic Union (CDU) on the eve of Sunday's general election.

The government parties have been making much in their election propaganda of recent evidence that after two years of recession, an economic recovery may be on the horizon.

"Vote for the upturn," is one of the CDU's main slogans in the election, has left the electorate to assume that an economic revival will also have a considerable impact on unemployment.

Most economic analysts would agree with the Federal Labour Office, however, that even assuming the economy does begin to turn up—which is still not certain—the recovery will be weak and will not appear until late in the year. Therefore, a further rise in the jobless total above the 2.5m mark can be expected.

In the next few months, however, seasonal factors should lead to an improvement. February's unemployment figure is slightly up from the 2.5m (10.2 per cent) reported in January, but 600,000 higher than the figure reported in February 1982.

Protesters go on trial in Poland

By Christopher Bobinski in Warsaw

THE TRIAL opened yesterday at the northern Polish town of Elblag of five people interned under martial law. They are charged with organising protests while detained last summer.

Police brutality at the Kwidzyn internment centre last August led Cardinal Jozef Glemp, the Polish primate, to protest publicly and the International Red Cross to take a special interest in the case.

Attempts at the time by the authorities to tighten up regulations at the centre sparked a mass protest by internees when they were denied visits by their families. The demonstrators reportedly were severely beaten by camp guards.

The five on trial include Mr Zygmunt Golawski, leader of the nationalistic "Confederation for an Independent Poland."

Meanwhile, the underground. Tygodnik Wojenny (War Weekly) news sheet has published an interview with one of the 1,000 or so people sentenced under martial law which paints a sombre picture of morale among political prisoners.

It also reveals that the prisoners feel that they have been neglected by the underground and have attracted less attention than the internes who were finally freed just before Christmas.

In the absence of the amnesty demand by the Roman Catholic Church in connection with the Pope's visit next June, the authorities have said they will consider individual appeals for clemency.

The Government says some 1,500 such requests have been made. The Council of State has issued 70 positve decisions so far, and 200 are awaiting decision.

Some members of the banned Solidarity movement have refused to ask for clemency on the grounds that this would provide a moral victory for the authorities. But the Tygodnik Wojenny interview warns against using the issue "to generate feeling at quiet moments by underlining super-heroic postures."

The prisoner, identified only by his initials, adds: "I think that those who can get out should do so, morale is not very high in prison and the stay there is destroying people."

Genscher treads middle road across nation

BY JAMES BUCHAN IN BONN

THE FREE DEMOCRAT leader, Herr Hans-Dietrich Genscher, does not need notes to make an election speech. At times his blue eyes lose focus as if his thoughts have drifted miles away from the smoky pub or neat church hall where an attentive audience eagerly awaits his words. Could this be exhaustion?

By polling day on Sunday, Herr Genscher, who is 56 this month will have made over 80 appearances up and down West Germany to remind voters they need his FDP in parliament and government to keep Bonn firmly committed to middle-of-the-road policies.

Yet Herr Genscher, the world's longest-serving foreign minister after Moscow's Andrei Gromyko, is a pathological foreign traveller.

In Coburg on Monday, on the second leg of a typically frantic Genscher dash across the Protestant north of Bavaria, a vantage point three feet from the lectern provided the answer.

Herr Genscher's eyes are those of an actor whose part in a long-running thriller has become second nature. He can switch off when he wants to. Herr Genscher, after 14 years in Cabinet, survives on automatic pilot.

He is a mechanical speaker and, between the smoked beer of Bamberg, Prince Albert's Coburg and the ball bearings of Schweinfurt, he hardly altered his speech.

Surprisingly, for a party fighting for 5 per cent of the vote to survive in parliament, there were few empty chairs.

Political philosophy does not suit a party which in September swapped a Social Democrat for a conservative coalition, was damned for treachery and lost its left wing in the process.

Instead, Herr Genscher offers his party as the defender of the social market economy and of a "continuity" in foreign policy. Both are embodied in his own cautious and unexciting personality.

At the end of each speech, Herr Genscher's eyes refocus. He raises his right hand in a Churchillian victory salute. He summons the jollity of a comic-book fat man. "Remember this sign on March 6," he says. "It means victory and second vote." This is the key designed to unlock another four years in government for the FDP.

In West Germany's federal elections, the first vote is for the constituency candidate and the second for a party list. The FDP has not had a constituency candidate directly elected for 25 years but it is the share of the total second votes cast that gives each party its share of the Bundestag seats. These are filled first by the constituency winners and then by the top names on the list.

Party workers explain that at least half the electorate does not understand the overriding importance of the second vote. By concentrating on safe conservative seats, where the constituency election is a foregone conclusion, the FDP is trying to exploit divisions between the two conservative parties to gain the second vote.

Herr Genscher is, in effect, calling on Christian Democrats to hand their second vote to the FDP to prevent Herr Franz Josef Strauss and ministers of the Bavarian Christian Social Union becoming too great and Right-wing a force in the coalition.

Herr Genscher says he is "confident rather than cocky." The Christian Democrat leadership, which understands the second vote, is beginning to show signs of being rattled. Unlike the faithful following of the Greens, who are increasingly despondent about their prospects of making a mark in the industrial state of North Rhine Westphalia where a quarter of Sunday's voters live, the FDP workers think they have made it.

Herr Genscher . . . some 80 appearances

East Berlin attacks Kohl and supports Vogel

BY LESLIE COLITT IN BERLIN

EAST GERMANY and the Soviet Union have voiced strong opposition to an election victory by Herr Helmut Kohl, the conservative West German Chancellor, while indicating their support for Herr Hans-Jochen Vogel, his Social Democratic (SPD) rival.

The main East German newspaper, Neues Deutschland, yesterday sharply attacked Herr Kohl for an alleged statement that if his party were to win the election he would oppose improved relations with East Germany. The newspaper said that Herr Kohl's Christian Democratic Party's views Bonn's goodwill treaties with Moscow, East Berlin, Warsaw and Prague as "provisional." and regards Germany's borders of 1937 as still valid.

The East German broadside came after Herr Kohl had said that relations with East Germany could not be regarded as normal, as long as the freedom of East Germans was restricted. He said the Berlin wall and barbed wire were a "source of tension."

Neues Deutschland indicated East Germany support for the Social Democrats by publishing a lengthy account of a news conference by Herr Willy Brandt, the SPD chairman, in which he called on Washington to respond to Moscow's proposals on reducing the number of medium-range nuclear missiles in Europe.

In the Soviet Union this week, workers' meetings appealed to West Germans to resist the stationing of new U.S. missiles in the federal republic. Tass news agency said that Soviet coal miners, in an appeal to West German workers, said Washington was turning them into hostages of a "wild nuclear strategy and into the targers of a forced retaliatory strike."

AMERICAN NEWS

Reginald Dale, U.S. Editor, watches as spring fever hits Washington

'Green light' for economic recovery

SPRING FEVER hit Washington yesterday. The temperature bounced into the seventies, the last streak of snow melted and the Reagan Administration declared that the long economic recession was over.

The most important harbinger of fairer weather was a report that the leading economic indicators had soared by an unusual 3.6 per cent in January, the highest increase in more than three decades.

The indicators "flashed a *bright green light for recovery*," said President Ronald Reagan, in California to entertain the Queen. "I think I've seen enough evidence to declare the *recovery under way*," Mr Donald Regan, the Treasury Secretary, said.

It is not the first time the Administration has made such *noises. Indeed, it has been* predicting recovery for so long that many people have almost stopped believing it.

Mr Martin Feldstein, Mr Reagan's chief economist, has preferred to err on the low side for fear of falling into the same trap of predicting recovery too soon.

Two months ago, he put the official year-on-year growth forecast for the fourth quarter of this year at a modest 3.1 per cent, just about the lowest estimate available.

He too, however, is now beginning to adjust his sights upwards. Recent economic statistics had convinced him that the recession hit bottom in December, and January was *the* first month of recovery, he declared.

Mr Regan said he expected that growth would exceed the official 3.1 per cent forecast, and Mr Feldstein is now talking of up to 5 per cent. The National Association of Manufacturers is also revising its forecasts upwards, though more cautiously.

The traditional evidence seems to be there. Construction spending rose by almost 9 per cent in January, the highest increase since 1946.

Nine out of 10 of the leading indicators, including the money supply, new orders for goods and materials, stock prices and the average working week, all contributed to the latest upsurge.

The fourth quarter of last year brought a sharp decline in business inventories when sales of goods outpaced production, suggesting that production must now increase.

Most of all, however, the Administration has been reacting with ill-concealed glee to *the misfortunes of Opec and the drop in international oil* prices.

There is a major element of "yah boo-sucks" in the U.S. attitude, by no means limited to the Administration *itself*.

Third world countries, it is held, are not meant to gang up on Uncle Sam, and there is considerable, possibly shortsighted, *satisfaction when they* come unstuck.

But if that is a more general political point, there is also an economic one. *Mr Regan says that if oil prices come down* as much as he suspects, it could add a full percentage point to the U.S. growth rate by the end of the year.

Caution, however, is still one of the keynotes of the day. "The good news on oil that is so much fun to talk about hasn't happened yet," says Mr Feldstein—although prices at petrol pumps in the U.S. have been falling dramatically and home heating bills have declined.

One of the reasons is the weather. Apart from the occasional snowfall, it has been one of the mildest U.S. winters on record, another reason why the construction indices have been looking good in January.

Interest rates are still too high, in the Administration's view, and there is considerable *anxiety that both they and the* inflation rate may start to rise again, aborting the recovery.

Mr Paul Volcker, chairman of the Federal Reserve Board, is *fully aware of the danger, and* believes it is still too early to predict how long and how strong the recovery will be.

Mr Malcolm Baldrige, the *Commerce Secretary, is more* optimistic, predicting a "real bounce-back" in the first quarter. It is almost a year since Mr Regan, in a phrase he lived *to regret, said that the economy* was about to come "roaring back."

So, while most people are pretty confident that this time it is for real, many are also keeping their fingers crossed. For President Reagan, in the end, it may be working out much better than he once dared hope.

With unemployment still in double figures, there is not much comfort for many Americans in the news that a complicated set of indicators rose in January—particularly as unemployment is widely believed to be the last indicator to reflect recovery.

But the upturn, if that is what it is, is coming at a good moment for anyone living in the White House who might be considering running for a second term next year.

Canada to use UK help with oilfields

By Carla Rapoport in London

CANADA intends to involve British companies in a S35bn development of its Arctic and offshore oil fields *over the next seven years*.

In an address to about 300 British manufacturers yesterday, Mr Gord Walker, Minister of Industry and Trade for the Canadian province of Ontario, said that about 35 production platforms would be built in Canada between 1983 and 1990, at an estimated cost of S1bn each.

Most of this development would be undertaken by Canadian companies, but Mr Walker said that Canada needed a partner with experience of similar developments. Britain's oil industry, he said, "fills that bill precisely."

The Canadian approach will be welcomed by Britain's hard-pressed *offshore supply industry and manu*facturers in related businesses. The development of new North Sea oil fields has come to a virtual halt. The £3bn a year industry is working on orders left over from the late 1970s.

Mr Walker said Canada was particularly interested in joint ventures with British companies active or potentially active in manufacturing in Canada.

He said his Government wanted to promote a transfer of technology

French investment activity in U.S. slows down sharply

BY PAUL BETTS IN PARIS

THERE was a marked slowdown in the rate of new French investments in the U.S. last year.

This follows a spectacular growth of investment activity in 1981 led by *the multi-billion dollar acquisition* of Texas Gulf by Elf Acquitaine, the French state oil company, and the takeover of General Portland, the U.S. cement company, by the French Lafarge Coppee group.

In a detailed study of French investment trends in the U.S. market, the French foreign trade bank, *Banque Francaise du Commerce* Exterieur (BFCE), blamed in part French credit controls for the slowdown in the country's investments in the U.S. last year.

Under the country's exchange controls regulations, French companies must finance up to 75 per cent of their foreign investments involv*ing more than FFr 1m (S145,000)* through foreign currency loans with a minimum two-year maturity.

The French authorities, who appear keen to stimulate French investments in the U.S. especially by small and medium sized companies, recently eased the credit regulations for such companies. These *concerns can now finance their first* foreign investments with 50 per cent foreign currency borrowings.

Foreign investment in the U.S. declined by 22 per cent in 1982 compared with 1981, because of the strength of the U.S. dollar and the high level of U.S. interest rates in the first half of last year. But the French foreign trade bank study *suggested that French companies* were penalised more than others, not only because of credit controls but because of the particular weakness of the French franc against the U.S. dollar.

Indeed, of 271 new foreign investments in the U.S. last year, only 19 were French compared with 63 by British *companies, 44 by Japanese* concerns, 41 by West German groups and 37 by Canadians.

The study, which said that about 600 French companies had investments in the U.S. argued for an expansion of French investments in the country to help to improve France's current trade deficit with the U.S. This deficit grew to FFr 25.4bn last year, with French exports to the U.S. covering barely 35 per cent of U.S. imports to France.

Nonetheless, after trailing behind other Western countries in terms of new investments in the U.S., France saw its share rise dramati*cally in 1981 as a result of the Texas* Gulf acquisition and the General Portland deal involving Elf Aquitaine and Lafarge-Coppee respectively.

Injunction sought on cheap air fare ban

By Nicholas Hirst in Toronto

CANADA has failed to persuade the U.S. to lift a ban on the use of cut-price air tickets to American cities. *About 50,000 Canadian travellers* are affected.

Air Canada, which offered the bargain weekend flights earlier this year, was yesterday trying to fight the ban by seeking an *injunction* in a Washington DC court.

The U.S. Civil Aeronautics Board, backed by President Ronald Rea*gan, last week banned the use of* the tickets. The State Department said travellers using the cut-price fares would not be allowed into the country.

After a flurry of diplomatic activity, the U.S. agreed to suspend the ban while negotiations between the U.S. and Canada over the dispute *went on this week. Those negotia*tions failed on Monday night.

The dispute arose because of a refusal by Canadian authorities to allow the U.S. carrier Continental Airlines to fly to Australia from Canada in competition with CP Air and the Australian airline Qantas. The Americans banned the use of *cheap tickets to try to force Canada* to change its position.

The Canadians claimed that their issue had no connection with Air Canada's cheap ticket offer

S and Ls' new deposits rise by record $14.51bn

BY RICHARD LAMBERT IN NEW YORK

NET NEW deposits in federally-insured savings and loans associations S and Ls rose a record $14.51bn (£9.6bn) in January, *mainly as a result of large in*flows of money into their new money market deposit accounts.

These accounts, which were introduced in mid-December, are not subject to government-controlled interest rate ceilings.

However, the savings and loans associations, which provide mortage loans and other forms of consumer credit, are still facing financial pressures.

The Federal Home Loan Bank board said yesterday that the net worth of federally-insured associations fell in January to $25.33bn, compared with $25.39bn in December. The number of such associations dropped to 3,331, compared with 3,748 a year earlier.

The board added that the volume of mortgages completed by federally-insured associations fell to $5.11bn, compared with $8.3bn in December. The delinquency rate on mortgages *rose to a record 2.25 per cent of* the total value of mortgages held by insured associations.

All the same, the savings and loans associations are in far better shape than they were last summer.

The bank board disclosed that federally-insured associations picked up nearly $43bn in their accounts in January, taking their total money-market deposit balances u pto $76.5bn.

Although balances dropped in a number of regulated accounts as savers switched into higher yielding instruments, several other unregulated accounts showed smaller gains.

Short-term borrowings of the associations fell sharply, down from $55.34bn in December to $46.6bn in January.

Fed reports significant U.S. swap line activity

BY OUR NEW YORK CORRESPONDENT

THE U.S. authorities, following a modest level of activity in August and early October, refrained from intervening *directly in the foreign* exchange markets in the period to the end of January.

However, the U.S. has been actively involved in providing short-term swap bridging facilities to the central banks of Mexico, Brazil and Argentina.

In its latest half-yearly report of the U.S. Treasury and Federal Reserve's foreign exchange operations, the Federal Reserve Bank of New York reports that at the end of January, $373m (£248m) was still outstanding under a swap line extended to Mexico in early August.

The Bank of Mexico also had outstanding drawings amountin gto $855m on the U.S. authorities as part of a $1.85bn financing programme arranged through the Bank for International Settlements

The central bank of Brazil *had outstanding drawings of* $730m on the U.S. authorities under various swap arrangements at the end of January.

In addition, the U.S. has agreed to refinance $500m of the $1.45bn credit facility arranged by the BIS in December "in the unlikely event of delayed repayment by the central bank of Brazil."

Although the U.S. did not intervene directly in the foreign exchange markets in early October and the end of January, the Federal Reserve Bank estimates that total intervention by the major central banks in the period amounted to nearly $26bn.

This was braodly in line with the level of activity in the previous quarter.

The Minister who dissented on the Right

BY MARY HELEN SPOONER IN SANTIAGO

SR CARLOS CACERES, a former president of the Chilean Central Bank, who this month became the country's fourth Finance Minister in less than a year, has assumed his new job with one or two political advantages while President Augusto Pinochet's regime seeks renegotiation of at least $2.5bn (£1.65bn) in foreign debt repayments due this year and in 1984.

Sr Rolf Luders, the previous Finance Minister, was a former vice-president of Chile's largest conglomerate, the BHC group, whose bank was ordered to be dissolved by the authorities in January. He also faces a suit filed by 15 business and opposition leaders for alleged mismanagement of public funds. With official displeasure over the conduct of Chile's financial conglomerates mounting, Sr Caceres is fortunate in holding no direct ties to any of them.

Barely a day after he had been sworn in as bank president in a Cabinet reshuffle last August, he was sent to an International Monetary Fund meeting in Toronto. The switch to the Finance Ministry was as abrupt.

Early in the morning of February 14, he was sworn in as Finance Minister, along with five other new ministers. Sr Luders said the appointment of his successor ratified Chile's commitment to free-market *economic policies*.

Yet some critics of these policies view Sr Caceres as a hopeful change from the "Chicago boys," economists, trained at the University of Chicago, who have directed economic policy in Chile since the mid-1970s.

A former businessman and university professor, he holds degrees from Havard and Cornell universities in the U.S., and seems reluctant to criticise directly his predecessor's management. Last year, he said that the biggest mistake of Chile's econmic team had been its failure to anticipate the duration and severity of the world recession.

Sr Caceres has served on the regime's council of state, help*ing to draw up Chile's authori*tarian constitution which was passed in a controversial plebiscite in September 1980. When the council was debating timetables for future elections in Chile, Sr Caceres found himself taking the minority and more staunchly anti-communist view.

Although the council eventually devised a plan, whereby there would be no presidential elections in Chile until at least the end of this century, Sr Caceres raised objections. "We thought this electoral mechanism could destroy the *very system applying it*."

He recently told El Mercurio, the biggest newspaper, "In proposing this minority view, we were very much aware that *Marxist-Lenisit thought* and activity *is*, was and will continue to be our country's most important enemy."

OVERSEAS NEWS

Fraser in attack on Labor

By Michael Thompson-Noel in Sydney

MR MALCOLM FRASER, the Australian Prime Minister, claimed yesterday that an Australian Labor Party government would be unstable and undermine business confidence.

Labor is clear favourite to topple the Liberal-National Party coalition in tomorrow's general election.

Mr Fraser's warning followed a Labor front-bench statement this week that it would "review" the proposed U.S.$2.4bn (£1.5bn) takeover of Utah International by Broken Hill Proprietary (BHP)—but that it was probably too late to stop the deal.

***BHP is Australia's biggest* company. It is negotiating to buy the Utah mining and resources group, which owns huge coal interests in Queensland, *from General Electric* of the U.S.**

Aspertions were cast on the deal on Wednesday by Mr Barry Jones, Labor's spokesman on science and technology, who said it was "absolutely scandalous." The money, he maintained, would be better spent rebuilding the Australian steel industry, which is virtually controlled by BHP.

South African banks to cut prime rates

South African banks are to lower their prime lending rates next Monday by a record two percentage points to 14 per cent, writes Bernard Simon in Johannesburg. The reduction, the second in less than a month, has come at a time of considerable tightness in the money market as a result of heavy seasonal tax payments. But the banks' lending rate has been *markedly out of line for some* time

Assam violence

The Indian Army has been deployed *in seven key districts* of the Brahmaputra valley in the north-eastern state of Assam following renewed violence in which at least 50 people, most *immigrant* Bengalis, have been killed, writes K. K. Sharma in New Delhi. The army is now in control of the main parts of *Assam, where sectarian strife* in the last five weeks has claimed thousands of lives.

Challenge over Diego Garcia

By David Tonge in New Delhi

INDIA and Mauritius won the backing of the non-aligned movement meeting in New Delhi for a challenge to British control over Diego Garcia, site of the major U.S. base in the Indian Ocean, according to diplomats.

British officials in New Delhi said last night that most of the nearly 100 members would start demanding through the UN the linking to Mauritius of Diego Garcia and Chagos Archipelago on which it is situated.

The claim to the islands of the Mauritian government of Mr Aneerood Jugnauth is seen by Mrs Indira Gandhi, the Indian Premier, as furthering her quest to turn the Indian Ocean into a "zone of peace" as the UN and the non-aligned have urged.

The islands used to be run by Britain from Mauritius, 1,400 miles away to the south-west.

They were detached from its *administration* in 1965, two years before Mauritius became independent, and Britain has said it will cede the islands to Mauritius when it has no further need of them.

The Seychelles had also been administered from Mauritius.

While most members of the non-aligned movement are prepared to back the Mauritian claims, a battle was raging last night over India's draft political proposals, singling out Diego Garcia for criticism.

Sri Lanka and Singapore have been leading accusations that the proposed political declaration by next week's non-aligned summit is one-sided in its section on the Indian Ocean.

It attacks "the expansion of Diego Garcia, the search for new base facilities and the establishment of new military command structures of great powers" — a clear reference to the proposed U.S. rapid deployment force.

The U.S. is not mentioned by name but emerges plainly as the villain, whereas critics of the draft say it overlooks Soviet activities around Aden and *the 85,000* Soviet troops in Afghanistan.

Reuter adds from Buenos Aires: President Reynaldo Bignone of Argentina was flying to *New Delhi yesterday to rally* support for his country's claim to the Falkland Islands.

Opec membership becomes Nigeria poll issue

BY QUENTIN PEEL AND MICHAEL HOLMAN

NIGERIA'S membership of the Organisation of Petroleum-Exporting Countries (Opec), and its oil-marketing strategy in the current international oil crisis, has become a big political issue in the campaign leading up to Presidential elections this year.

Mallam Yahaya Dikko, the *presidential* adviser on oil affairs and president of Opec, has been forced to defend Nigerian membership in the face of persistent criticism from *opposition parties and leading* members of the business community.

The growing controversy comes at a time when Nigeria is under pressure from its fellow members of Opec to come into line, after its decision to cut its oil price to $30 a barrel—$4 less than the Opec marker price, and 50 U.S. cents less than the price for comparable North Sea crude.

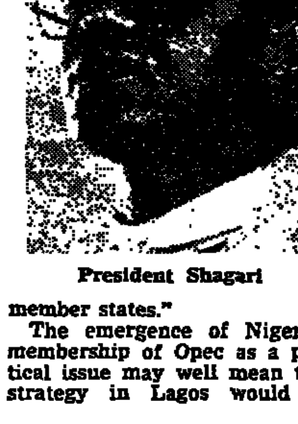
The Nigerian decision, itself a response to the cut in the North Sea price by the British National Oil Corporation (BNOC), could trigger a downward price spiral, unless Opec can close ranks again. But the decision has been widely welcomed in Lagos as a sign of a new, aggressive marketing strategy.

Chief Obafemi Awolowo, leader of the Unity Party of Nigeria (UPN), and the leading opponent of President Shehu Shagari in the *forthcoming* elections, has publicly denounced Opec membership and called for an independent price policy. "I never favoured *Nigeria going into Opec, and* I would reconsider membership of Opec and the price of our oil if I won the election," he said in a recent interview.

Senator Jonathan Odebiyi, leader of the UPN in the senate, returned to the attack this week with a call for Nigeria to sign long-term, oil-supply contracts with the major oil companies, at independently negotiated prices.

Similar criticism of loyalty to Opec has been voiced by Chief Jerome Udoji, president of the Manufacturers' Association of Nigeria.

Mallam Dikko responded to *the criticism before he left* Lagos to meet fellow Opec Ministers in London yesterday. "Nigerian interest requires a strong Opec, and its exit from *Opec would lead to the disin*tegration of the organisation and a price collapse, which would mean lower revenues for Nigeria and for every oil producer," *he* told a meeting of university vice-chancellors. "What needs to occur to prevent this thinking is for every Opec member to act in such a way that the benefits of Opec membership can be clearly felt and seen by all the citizens of member states."



President Shagari

The emergence of Nigeria's *membership of Opec as a poli*tical issue may well mean that strategy in Lagos would be determined, not only by market factors, but by a powerful nationalistic sentiment on which the ruling National Party of Nigeria (NPN) can capitalise. "The priority is the survival of the NPN, and whatever happens in the world oil market is almost irrelevant," according to one political observer in Lagos.

Nigeria occupies a critical place in the current oil crisis: its decision to cut the price of its Bonny Light crude set off the latest round of meetings by oil producers, designed to reach agreement on overall price and production levels.

There is a division in the ranks of the Nigerian government on the strategy to adopt. The political heavyweights in the ruling NPN believe that a more independent marketing strategy is electorally desirable, while *Mallam Dikko remains* convinced, so far, of the need for loyalty to Opec.

Mozambique carries brave banner through crises

BY MICHAEL HOLMAN

"AFRICA sera livre," declares the stencilled slogan on the warehouse of Maputo docks *where fishing trawlers from* Spain, Italy and the Soviet Union lie alongside.

It *is* a brave message. But a visitor to Mozambique these days comes away feeling that an appeal for practical help might be more appropriate than the slogans of liberation.

A devastating drought has left the country facing its worst food crisis for 50 years, affecting a quarter of the 12m people.

On the security front, nine of the 10 provinces are affected *to varying degrees by the* Mozambique National Resistance (MNR) movement which seeks to overthrow the government of President Samora Machel. On *the economic front*, balance of payments deficits have been widening from an estimated $286m in 1979 to $319m in 1981. There is no early prospect of the trend changing.

It is a far cry from the optimistic mood in Maputo in 1980 when President Samora Machel toasted Lord Soames in "Socialist" champagne and spoke glowingly of the role Rhodesia's last governor played in the transition to Zimbabwe.

The independence of neighbouring *Zimbabwe meant the* end of two wars for Mozambique: one waged by Rhodesian

forces who crossed the border to hit guerrilla camps, road and rail bridges and other installations, the other by the MNR, launched and backed from Salisbury, who carried out hit and run attacks which added to economic and social dislocation.

It also meant the reopening of Mozambique's border with Zimbabwe, closed since 1976 despite the loss of much needed rail and harbour fees.

The Southern Africa Development Co-ordination Conference (SADCC) was about to be launched, and the nine member states seeking to reduce trade and transport links with South *Africa agreed that massive* investment in Mozambique ports and railways was the first and most important step.

But it was not to be. South Africa put its resources behind *the MNR — a fact widely* acknowledged in private by diplomats, and publicly stated by a U.S. State Department official earlier this year, much to *Pretoria's fury—and* the organisation is now a potential threat to the country's stability.

It has perhaps 3,000 men under arms according to officials in Maputo, with several thousand more—both volunteers and conscripts—acting as porters, food suppliers and in*formants, all under the leader*ship of Afonso Dhlakama. It appeals to tribal differences, promises chiefs that their former powers will be restored, and *recruits among disaffected* members of Frelimo, the ruling party.

Its main targets have been the railways, road traffic, the oil pipeline carrying Zimbabwe's fuel supplies between Beira and Mutare (formerly Umtali) and expatriates working on development projects.

The net result is that SADCC's hopes to open up the transport routes through Mozambique have been seriously undermined, the 25,000-strong Mozambican army is finding it *increasingly difficult* effectively to police a territory of some 783,000 sq km and economic activity in many parts of the countryside is disrupted.

Sections of the main road between Maputo and Beira—the only south-north route—are impassable without military escort. Beira itself, where electricity and water installations, marker buoys in the harbours, the oil storage depot, and a major bridge on the road inland have all been attacked at various stages, is sometimes like a town under siege.

The nature of the MNR propaganda, broadcast from a transmitter thought to be in South Africa's northern Trans*vaal* province, has changed over the years from crude anti-Communist rhetoric to something more sophisticated.

It portrays the organisation *as representing* the "*real*" Frelimo, following in the footsteps of Eduardo Mondlane, the late founder and first president of the country's ruling party.

He stood for a *pragmatic*, "African socialist" economy, the broadcasts claim, and a non-aligned stance in foreign relations, in contrast to President Machel's strictly Marxist-Leninist doctrine, and close links with the Soviet Union.

The broadcasts also make much of the high proportion of Mozambicans of Indian or Portuguese origin in government and state institutions, suggesting that it is this group of radicals who have pushed Mozambique towards Moscow.

At the same time much is *made of daily hardships experi*enced in Mozambique — the shortage of basic commodities and the run-down industrial and commercial sectors, des*parately short of foreign* exchange for raw materials and spare parts.

Economic performance since independence in 1976 has indeed been poor.

The critical area is agriculture, where cashew nuts and cashew oil, cotton, sugar and tea are the main export earners.

Earlier this year Sr Sergio Vieira, Minister of Agriculture, described the peasant farmers as the "principal force" in agriculture: "But we have not given *them* the *necessary* attention and support," he admitted.

Mozambique has not been *self sufficient* in food since independence. The country's *annual cereal* requirement, mainly for the 2m urban dwellers, is around 515,000 tonnes of which local production in a normal year can supply 180,000.

In 1983, however, the crippling drought which has lasted two years in some places, has cut local production to 115,000 tonnes, and rice production in the Limpopo Valley—the main growing area—has virtually collapsed.

Lingering dispute over Taba

By David Lennon in Tel Aviv

WHO owns Taba, a 700 metre strip of Red Sea coast claimed by both Egypt and Israel.

The dispute was unresolved when Israel completed its withdrawal from Sinai last April, so today it is a no man's land — with the Israeli border post to the north-east and the Egyptian post to the south-west.

A luxury Israeli hotel, the Avia Sonesta, under construction on Taba Bay at the time of the withdrawal, was completed last autumn. It is *doing flourishing business* with curiosity seekers, as well as sun worshippers.

Israel bases its current claim to the area on a pencil *smudge on a map* scaled 1:250,000 with which Britain drew the border line in 1906 when separating Sinai from the Ottoman-controlled Palestine.

The width of the pencil smudge on the map is roughly equivalent to the width of the disputed zone.

However, this was not always Israel's position. A map "compiled, drawn and printed by Survey of Israel, December 1950" and issued by the Jewish National Fund, places Taba on the Egyptian side of the border.

Egypt, Israel and the U.S. continued talks yesterday in Ismailia on their border dispute, writes Charles Richards in Cairo.

This view is shared by the Yavneh Publishing House of Tel Aviv, whose 1962 Hebrew school atlas similarly places Taba on the Egyptian side of the border, south of Eilat.

In 1974, long before the current dispute arose, a map issued by the Ministry of Tourism of Egypt clearly *shows* "Bir Taba" on the Egyptian side of the border.

A year later, John Bartholomew and Son of Edinburgh issued a map of Israel with Jordan, which concurs with the above views.

There are many more such examples, and the Foreign Ministry in Jeurusalem admits that Taba was on the Egyptian side of the border until Israel captured Sinai in 1967.

But it argues that this was not an international boundary, *more in the nature of an* armistic line. The only real line is that of 1906, officials argue.

200 million landings at Heathrow that no-one complains about.

The Treasury would no doubt term them invisible exports.

At Heathrow, we call them inaudible imports.

The silent paper squadrons of yen, dollars and deutschmarks that are bringing in this country an awful lot of money.

In 1982, Heathrow topped a truly remarkable £200 million in foreign exchange earnings.

Putting us up amongst the biggest contributors to the UK balance of payments.

Over £100 million nett was earned from airline ticket sales to foreign visitors. £57 million was paid in landing and parking charges by overseas airlines.

And another £37 million was generated through our ever-expanding Duty Free operation.

In other words, Heathrow is doing *very* nicely, thank you.

This isn't just good news for the national economy.

It's tidings of great joy for the people who actually use the place: the poor, beleaguered airline passengers.

For every penny of profit we make out of Heathrow is ploughed straight back into new construction and improvements.

That's how we have paid for the recent dramatic facelift to all three of our Terminals.

That's where the money came from for all the new car parks, all those extra moving walkways and the spacious Eurolounge.

And that's precisely how we're financing the building of the brand new Terminal 4 on the south side of the airport.

At Heathrow, we're doing everything we can to make the jets quieter.

But we have no complaints about booming business.

British Airports Heathrow

The British Airports Authority, a profitable public enterprise, owns and manages Heathrow, Gatwick, Stansted, Glasgow, Edinburgh, Prestwick and Aberdeen airports.

WORLD TRADE NEWS

Rolls-Royce signs £200m Tay deal with Gulfstream

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE yesterday signed a $300m (£200m) contract with the U.S. Gulfstream Aerospace Corporation for the supply of 200 of its new Tay jet engines for the Gulfstream IV intercontinental business jet aircraft.

The Tay engine, with a thrust of up to about 1$,500 lb, is an advanced technology powerplant to replace the existing Spey jet engine which is widely used, for example in the British Aerospace One-Eleven twin-engined aircraft.

Rolls-Royce is developing the Tay at a cost of between £50m and £60m of its own cash, for delivery to Gulfstream Aerospace from 1985. The company sees an eventual market for between 1,000 and 1,500 civil Tays by the end of this century, worth in today's prices more than $2bn.

Other markets for the Tay, beyond the Gulfstream IV, include the possibility of an improved, larger version of the current Dutch Fokker F-28 twin-engined jetliner (which hitherto has also used the Rolls-Royce Spey engine), and the possibility of re-engining the large number of British Aerospace One-Elevens world-wide.

The Gulfstream IV is a twin-engined business and executive jet airliner now under development by Gulfstream Aerospace in the U.S. Hitherto, earlier versions of the Gulfstream have consistently used Rolls-Royce engines—the Dart turbo-prop engine powering the Gulfstream I, and the Spey jet powering the Gulfstream II and III.

Mr Allen E. Paulson, president and chairman of Gulfstream Aerospace, who signed the deal for the Tay yesterday with Lord McFadzean, chairman of Rolls-Royce, said the first flight of the aircraft was planned for December, 1985, with production aircraft being delivered to customers from late 1986.

Mr Paulson said that his company's market research "indicates a world market for approximately 300 Gulfstream IVs over the next decade." The aircraft will be able to carry up to eight passengers and a crew of three over distances of 4,000 nautical miles.

Lord McFadzean made it clear yesterday that the development of the Tay engine would help to maintain the company's activity at a time of severe recession in world aircraft engine markets, but it would not halt the continued redundancies planned for the current year.

Over the past two years, the company had cut its labour force from around 60,000 to about 45,000, but that as already announced a further 6,000 would have to go this year

Lord McFadzean said that he thought the company this year would be getting down to a level of production costs that would be competitive with its U.S. counterparts, Pratt & Whitney and General Electric.

He believed that there was now an increasing recognition on the shop-floor that the changes taking place, in terms of both reductions in work-force and the increasing use of new technology, including robotics, were essential to the long-term future of the company.

Norwegian ship order

BY FAY GJESTER IN OSLO

PARLEY AUGUSTSSON, one *of Norway's fastest growing* shipping groups, has ordered four roll-on/roll-off vessels, with options on a further two, from China's Dalian shipyard.

The ships will be of 7,000 dwt, with capacity of 123 trailers. The first will be delivered in October 1984 and the others at intervals of three to four months thereafter. Each will cost $14.1m (£9.2m). They will probably be used on routes in the Caribbean or Mediterranean.

Parley Augustsson, which has *previously ordered six offshore* supply ships in China, believes that no other country's yards can match the prices now being quoted by the Chinese.

On the ro/ro vessel contract, moreover, the yard has granted credit against mortgage on the ships—85 per cent for nine years, at 10 per cent interest. Augustsson says that, on previous contracts, Dalian has been willing to grant credit only against bank guarantees.

Call for UK flexibility on aid to South East Asia

By Paul Cheeseright, World Trade Editor

THE UK Government should be more aggressive and flexible in its use of aid to supplement the financial packages of companies seeking major contracts in the South East Asian region, according to the House of Commons *Industry* and Trade Committee.

The Committee, in a report* published yesterday, argues against the use of the Aid and Trade Provision (ATP) as a simple reaction to the use of aid funds by competing countries. Rather, it says, *there is a need for a pool of* funds so that companies do not have to start from scratch in seeking ATP money

The ATP comes from the budget of the Overseas Development Administration (ODA). It is used to top up financial packages so that the net cost to the *borrower of* export credits would be less than that involved in a normal export credits package.

This financial year, the cost to the ODA of the ATP is likely to be just over £50m. In 1981-82 disbursements were £53.7m.

The Committee's advocacy of a more aggressive use of the ATP cuts into a debate already taking place in Whitehall about the use of export subsidies.

"We recommend a thorough review of the policy for ATP," the Committee's report says.

The Committee's attitude springs from a study of UK trade with countries of the Association of South East Asian Nations (Asean)—Indonesia, Malaysia, the Philippines, Singapore and Thailand. It notes specifically that total British aid, including the ATP, to Indonesia is less than that provided by major competitors.

This leads the Committee to suggest that more emphasis should be placed on giving aid to countries which have not been traditional recipients

The Committee, *11 MPs* from all parties, suggests that, as far as ATP is concerned, "a broad view may generally be taken of the developmental criteria which govern its use." It also wants the Government to make ATP allocations to specific countries.

* *The UK's Trade with Asean Countries: report from the Industry and Trade Committee; House of Commons Paper 195; HMSO, £7.10.*

Tony Walker in Peking reports on foreign oil companies' tougher stance

Price fall delays Chinese offshore contracts

THE FALLING world oil price is likely to cause further delays in the negotiation of contracts *between China and foreign oil* companies for the exploitation of Chinese offshore reserves.

It had been expected that first contracts would be awarded by mid-year and that exploration would begin by the end of the year, but foreign oil industry representatives in Peking now believe more time will be required.

The representatives say that because of the "softening" international market for oil, foreign companies are adopting a tougher negotiating position on the profit sharing arrangements being proposed by the Chinese.

If the China National Offshore Oil Corporation (CNOOC), is intent on getting quick agreement on contracts it may have to allow foreign companies to retain a greater share of oil for sale than it is *now proposing, according to the* representatives.

Foreign oil companies, which have begun a fresh round of negotiations with CNOOC, are making the point that because of falling world prices it is now much less attractive to make investment in exploration programmes in Chinese offshore waters.

CNOOC has reportedly told Western oil representatives that while it appreciates the difficulties they are facing, it is the Chinese view that the world oil market will have strengthened again by the mid-1980s when the first of the offshore oil wells is expected to come on stream.

This argument is apparently not proving persuasive to the oil companies who are certain to push hard for more favourable profit sharing terms than they might have been prepared to accept last year.

CNOOC *is also reportedly* changing its strategy towards the negotiations. It had proposed to conclude agreements in the first part of the year with a small number of selected oil majors in hopes these agreements would serve as models for negotiations with others among the more than 30 companies seeking exploration rights in Chinese offshore waters.

But CNOOC, in the face of an apparent tougher negotiating stance by the large companies, is reported to be proposing to negotiate on a broader front in *the hope of encouraging greater* competition for exploration blocks in difficult times.

"With the price of oil going down and shaky, the companies have all started renegotiating the X factor (the amount of oil they will be able to retain for profit)," said one observer. "The *Chinese* appear to *have lost* ground. All the foreign companies have decided to take a harder line on how much of the share of oil shoudl be theirs."

"It looks like the Chinese are going to run the full gamut of possible companies before negotiating agreements in an effort to get them to compete against each other." The observer described the process as a "sort of commercial shake-down."

Oil representatives in Peking say the Chinese may have to agree to a large share of "profit *oil" going* to foreign companies if they want to get the offshore drilling programme started soon.

Altogether 32 companies (it was 33 before Occidental took over Cities Service in the U.S.) are bidding for exploration rights in the Yellow and South China Seas and in the Gulf of Tonkin. The largest bids have been lodged for areas of the Pearl River estuary near Canton in the South China Sea. Altogether 102 tracts have been put up for auction in Chinese offshore waters.

Foreign oil companies such as Exxon, Occidental, Amoco, Mobil and British Petroleum have conducted a number of rounds of preliminary discussions with CNOOC on the bids lodged, and it had been expected that final negotiations would begin in February.

But the timetable appears to have slipped partly because of the drop in the world oil prices. Representatives of a number of oil majors are presently in Peking to prepare for final negotiations with CNOOC.

About 10 days ago, oil companies were handed a new "model" contract to replace *one given them last year. The* terms of the new contract have not been made public, but they are believed to be just about as tough as those in the previous "model."

The 32 companies which have indicated an interest in participating in the exploration and development of Chinese oil have contributed to exhaustive seismic curves in offshore areas.

It is estimated that it could cost between $20bn to $40bn to develop China's offshore oil reserves. Some estimates have put potential production in these areas at 1m barrels per *day, or about half that of* Britain's North Sea production.

Several foreign oil companies are already exploring in Chinese offshore waters under agreements reached separately from the auction system now under way. These are the French companies, Total and Elf Acquitaine, Atlantic Richfield of the U.S. and the Japan National Oil Corporation.

The French and Japanese have discovered oil in what they describe as commercial quantities, but have not yet begun to bring production onstream.

China needs the *foreign* exchange from its offshore oil fields to help fund its modernisation programme. It would like offshore wells to be producing reasonable quantities by 1985.

UK exports to Mideast threatened

BY PATRICK COCKBURN

SOME £6bn in Britsh exports to the Middle East will be threatened if there is a significant cut in the oil revenues of oil producing countries in the region.

Last year British exports to Arab countries totalled £5.7bn, a rise of 15 per cent on the year before. Much of this increase is the result of orders placed in 1980 and 1981 when oil revenues were still soaring.

But some major British markets in the region were already feeling the strain last year. Libya's imports from Britain fell 51 per cent from £529m in 1981 because of the fall in Libya's oil exports.

The UK's second largest market in the region is Iraq which is also suffering from severe financial difficulties. British exports are likely to slip from the £875m total achieved in 1982.

In the case of both Libya and Iraq, however, Britain is unlikely to be as badly hit as West Germany or Japan because the UK has failed to win many major construction contracts. Big industrial and infrastructural projects in are the first to be cancelled or postponed as financial difficulties *make an impact.*

It is still too early to say how far the Saudi market, the largest in the region, will be affected by the drop in oil revenues. States like Qatar with a population of 300,000 which last year imported goods worth £261m are clearly unlikely to increase their imports.

Non-oil producers, such as Jordan, or small producers, such as Oman and Syria, may also suffer from reduced income.

UK TRADE WITH KEY MIDDLE EAST COUNTRIES

Country	UK imports January-December 1982	1981	UK exports January-December 1982	1981	Trend % change
Algeria	176.3	163.7	199.1	172.9	+15.2
Egypt	413.2	416.3	338.3	325.5	+ 3.9
Iran	225.9	154.1	333.7	403.9	−17.4
Iraq	79.8	72.6	874.8	624.2	+40.1
Jordan	18.2	10.4	295.4	204.3	+44.6
Kuwait	104.8	476.4	333.2	281.0	+18.6
Libya	343.3	76.5	260.8	528.5	−50.7
Oman	46.6	42.0	265.3	171.2	+55.0
Qatar	34.0	10.8	245.2	135.4	+81.1
Saudia Arabia	1,447.8	1,841.1	1,361.4	1,134.9	+20.0
Sudan	9.9	10.8	136.6	118.5	+15.3
Syria	25.6	4.6	89.5	86.8	+ 3.1
United Arab Emirates	267.0	390.5	559.1	491.2	+13.8
Total (Arab countries)	3,353.3	3,787.0	5,734.7	4,996.7	+14.8
Afghanistan	20.8	23.0	9.4	7.7	+22.1
Israel	275.2	255.9	222.8	212.3	+ 4.9
Total (Middle East)	3,649.3	4,065.9	5,966.9	5,216.7	+14.4

Source: Overseas Trade Statistics

India to buy 30 more BAe Jaguar fighters

BY DAVID TONGE AND K. K. SHARMA IN NEW DELHI

INDIA has agreed to buy around 30 more Jaguar long-range strike aircraft from Britain, bringing its total confirmed Jaguar force to an eventual 115, according to industry officials in New Delhi yesterday.

The deal, which is believed to be worth up to £200m, is between the Indian Ministry of Defence and British Aerospace.

Dassault

The deal was signed in December but had not been made public. It was reached shortly after Avions Dassault Breguet of France reached a memorandum of understanding to supply India with 40 Mirage 2000s, its new multipurpose fighterbomber.

The new British deal underlines India's determination to spread its defence purchases. Hindustan Aeronautics is now tooling up its existing MG-21 plants to produce the MiG-27, the latest version of the Russian fighter.

The 30 British Jaguars are to be imported in kit form for assembly at HA's Bangalore headquarters. The first 40 Jaguar aircraft had been shipped ready for flight. The next batch of 45 are also being sent as kits. The first of this batch flew last summer.

While welcome to British Aerospace, the deal appears to mark the end of India's interest many major fresh supplies of Jaguar. The British had originally hoped the Indians would build up their Jaguar force to around 150, of which the last 65 were to be built under licence in Bangalore.

UK NEWS

Britain suffers £973m motor trade deficit

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BRITAIN'S balance of payments in motor products went into the red by £973m last year – only the second time that the UK motor industry has shown a deficit on its trade.

Exports last year fell 5 per cent, from £4.248bn to £4.055bn, but imports rose sharply, by 33 per cent, from £3.779bn to £5.028bn. This meant that a £469m positive balance of payments figure for 1981 became a near-£1bn deficit last year.

The only previous year that the UK's motor products imports have been worth more than exports was in 1979 when both car and commercial vehicle registrations reached record levels and sucked in imports.

The deficit in 1979 was only £287m but this represented a considerable turn-round from the surplus of £763m the previous year.

The motor account had a surplus of £593m in 1980 and almost maintained that position in 1981. The Society of Motor Manufacturers and Traders (SMMT), which compiles the Customs and Excise statistics, said yesterday that a significant factor in last year's reversal was the large increase in commercial vehicle imports, particularly heavy vehicles.

Whereas the importers' share of the total commercial vehicle market fell from 31.1 per cent in 1981 to 29.9 per cent last year, imports of heavier vehicles (more than 3.5 tonnes gross weight) moved up from a 22.6 to a 28.84 per cent share.

Some 13,083 heavy vehicles were registered in 1982 compared with 10,161 the previous year.

This was partly due to the setback at Leyland, the BL subsidiary, which suffered a six-week strike at the beginning of last year. Leyland's registrations fell from 7,183 to 6,064. The General Motors subsidiary, Bedford, also had a poor year, and its sales fell from 7,386 to 6,479 in the over-3.5 tonne sector.

Another important element in the import performance last year were *the "captive" car imports by Ford* and GM from their continental European plants. About half the Fords and Vauxhalls registered in Britain in 1982 were imported.

In Vauxhall's case the position was exacerbated because its car market share improved considerably, from 8.5 to 11.7 per cent, and a big proportion of the components in the Cavaliers and Astras it assembles come from its sister GM company, Opel, which has plants in West Germany and Belgium.

On the export side, the British industry found it difficult to cope with the twin problems of diminishing home demand and the rising value of sterling. This effected the components companies in particular who for the past 10 years have mainly been responsible for the positive trade balance.

However, exports were also badly affected by the steep drop in car kit shipments from Talbot UK to Iran. In 1981 Talbot shipped 67,500 kits but last year the total fell to 46,500.

UK MOTOR TRADE (£m)

	1981	1982
Exports		
Cars	887	932
Commercial vehicles	579	518
Parts/accessories	2,080	1,950
Others	722	656
Imports		
Cars	2,211	2,876
Commercial vehicles	226	317
Parts/accessories	1,154	1,469
Others	188	266
Trade balance		
Cars	–1,324	–1,944
Commercial vehicles	353	201
Parts/accessories	909	481
Others	534	390

Source: SMMT from Customs & Excise statistics.

First UK freeports expected to be named this year

BY ANDREW TAYLOR

THE WAY was cleared yesterday for the establishment of the first British freeports, with the publication of a government report. The names of two or three possible freeports are expected to be announced later this year.

A working party set up by Sir *Geoffrey Howe, the Chancellor of* the Exchequer, recommended that freeports – secured areas which are treated as being outside the customs frontiers of the host country – should be established in the UK.

The report, however, questions whether some of the more important benefits traditionally associated with freeports would be available to companies operating within British-style zones.

"The working party was unable to identify any tariff advantages which could be made available, within the rules of the EEC, which are not already available to firms in the UK handling warehousing or processing imported goods destined for export to third countries or for release into free circulation," the report says.

It says, however, that there are several other advantages associated with freeports. These include simplified customs procedures, greater flexibility in the handling of goods restricted by import quotas, and cash flow benefits arising from the delaying of customs duty payments until such time as goods were actually released for sale or exported.

The report urges that legislation enabling the establisment of freeports "should be introduced forthwith." A statement on new legislation may be included in the budget on March 15, although the naming of possible freeports sites seems likely to be delayed until later this year.

The report stresses that the development of freeports should depend upon demand. "In view of the inevitable uncertainties about the real scale of user demand we recommend that authorisation should be restricted in the first instance to two or three experimental locations to include both air and sea ports.

There are thought to be about 350 freeports around the world, though this is not easily verifiable; some freeports call themselves such when they are patently not. Even so, many have created large numbers of jobs.

Hamburg has 60,000 people working within its freeport, though many of them are engaged in shipbuilding. South Korea has two freeports which are said to have 120,000 people working in them

Changes urged for top accountancy body

BY CHRISTOPHER CAMERON-JONES

FINDINGS were published yesterday of an 18-month-long investigation into the governing machinery of Britain's largest accountancy body, the Institute of Chartered Accountants in England and Wales.

The report by Mr Robert Tricker, of Nuffield College, Oxford, could have far-reaching effects that will reflect on the profession's credibility and the prestige attributed to the title "chartered accountant."

It is intended to be the starting point for a long-term evolutionary process for restructuring the 103-year-old Institute.

One task was to suggest ways of preventing the Institute from fragmenting under the sheer weight of numbers and specialist interests of its membership.

The report says it was vital for the self-regulatory process to work and to be seen to work in the public interest and in the interest of accountancy members. It also identified the need to "reaffirm the essential community of interests shared by members . . . and the unifying sense of purpose and commitment."

Options considered by Tricker ranged from an organisation that was simply a registration and regulatory body, to the concentrated approach under which the Institute would focus on one aspect of the profession, probably auditing; to a position of federal autonomy as enjoyed by the United States Institute

In-between was something similar to the present system of a representative governing body. There was also a divisional option and a system where the firms, and not the individuals, were members. In addition, the report said a different approach could be one where the governing body delegated power to a paid chief executive.

The main element of new proposals is the creation of "subject conferences" to represent the different interests of members.

Editorial comment, page 14

THE PROPERTY MARKET BY MICHAEL CASSELL IN SAN FRANCISCO

City planners put accent on preservation

SAN FRANCISCO, so the guide book says, "offers the visitor everything anyone could ever imagine," though it is unlikely that freak tornadoes, torrential rain, landslides, hail and *thunder are what it has in mind.*

But if this week alone has brought enough spectacularly bad weather to see most San Franciscans through to Thanksgiving, the arrival of the Queen has at least offered something of a diversion.

After Los Angeles, the unnerving unreality of Hollywood's 'tinsel town' and a Mexican *lunch up a mountainside with* a cowboy-clad President, the rain-soaked streets of San Francisco must seem a little more comforting and familiar to the Royal party.

The city is, indeed, regarded by many as one of the most "European" in the United States and though the Queen's acquaintance with San Francisco *real* estate *is unlikely* to extend much beyond a few unforgettable views of the city skyline, the local property market has many characteristics in common with those found in Her Majesty's own home town.

For, if "anything goes" in San Francisco, it certainly does not extend to property development, which is governed by the type of planning constraints and requirements which have been ignored in many American cities but which are an integral part of the UK property scene.

John Wilson, senior vice president of Richard Ellis in San Francisco, says the city comprises "more of an English market" than most, with the preservation of views and of buildings of architectural and historic interest paramount in the planners' minds.

"*It takes longer to build here* than in many other U.S. cities. Sites are scarce and difficult to put together and the time it can take to get planning consent is as long as anywhere in the country."

"The process has been so *slow* that many of San Francisco's major space users, notably the banks, have used the *heavy hand and threatened to* move down the coast to Los Angeles if they cannot get the accommodation they require here." Wilson adds.

Just at the moment, however. the supply of space is not an overriding problem; demand for office accommodation in the city—which has about 43m sq ft of downtown office space—is weak, with an estimated 2m sq ft (around one year's absorption) vacant.

Gerald Hines, one of America's best-known developers, has been *finishing off* over 1m sq ft of office space at 101 California St—sadly without cable-cars while the system is *overhauled*—and although he has tenants committed for 80 per cent of the space, most signed up some time ago, the last six months have seen few new takers.

The building is one of the last big city blocks left to be redeveloped (planning approval took six years) and asking rents in *the low $40-a-square-foot range* are apparently wide open to negotiation.

The weaker market has seen rents generally fall back and it is likely to be some little while before growth returns. A critical shortage of space in the central business district saw rents more than double between 1979 and early 1982, but last *year the pattern changed* dramatically.

The economic climate has inevitably hit prospects for development activity and while a substantial volume of space already in the pipeline will be coming through this year, the level of *new schemes being started has tailed off significantly*

With prime, financial district rents touching $45 a sq ft (up to $60 in some small, prime lettings) the recession caught up with the market and central rents began slipping back to their present $35-$37 a sq ft average.

According to Bob Beeney at Jones Lang Wootton: "It has got to be good to get more than $40 a sq ft in the present market. There is no question that rents have come well off the top.

John Wilson believes that current rents are down by as much as 15 per cent over the year and the slide is not over yet." *He points out that nearly* 3m sq ft of new office space is likely to be completed this year, with around half of it pre-let, and he expects prime rents to dip to around the $30 a sq ft mark. The decline will, however, be masked by hidden "giveaways" rather than take *the shape of open reductions.* Looking further ahead to 1984, he sees a continuing flat rental picture.

The economic climate has inevitably hit prospects for development activity and while a substantial volume of space already in the pipeline will be coming through this year, the level *of new schemes being* started has tailed off significantly. Only about 1.3m sq ft of new space is expected next year and pre-letting accounts for under 10 per cent of that total.

Land values, which might have been expected to fall, have done no such thing. Developers who paid for sites with $40 a sq ft-plus rents in mind can no longer make the sums add up but, as most own their land free and clear, they have not been in any hurry to sell and are apparently happy to bide their *time until the figures again* make sense.

For the time being, it seems, it is better to be a buyer than a builder, as most developers *cannot establish viable schemes* on the basis of incurred land costs. With development yields at 10 or 11 per cent, there would seem little point in pursuing new projects when purchases are possible at 9 to 10 per cent.

Not that prime properties are there for the asking. Despite *the* market's current weaknesses, the level of investment interest in downtown San Francisco buildings has remained strong.

Bob Beeney underlines the city's central role in the national and State economies and points out that although San Francisco's claim to be the financial capital of the western *United States may have taken a* bit of a bashing at the hands of Los Angeles, it remains at the heart of a broadly-based business community in which a new generation of "high-tech" industries point the way ahead. Being home for several of America's largest banks must also count for quite a lot.

Given these underlying *factors, together with the certainty* that expansion of the downtown-financial district will always be restricted by planning and geographical constraints, the continuing enthusiasm for real estate investment in the market is not surprising.

According to Bob Beeney: "It has been hectic. More downtown property sales have taken *place in the last year* than in the previous five years and prices have been very keen. Overseas interest has been considerable, with Chinese *investors among the most active,* while the American funds are clearly back in the market."

Partnerships spearhead US drive by Grosvenor Estate

EVER since the early 1950s, when it took advantage of a previous government's dislike of exchange controls by purchasing a little piece of British Columbia, the Grosvenor Estate's property interests have extended well beyond London's West End.

Using revenues generated by its *massive* UK portfolio of commercial and residential property, the Estate has, through Grosvenor International, built up a real estate operation which now extends around the world.

Its United States operations, started in 1977, are based in San Francisco and headed up by Ralph Hayward, who previously looked after the Estate's interests in Hawaii. Though the U.S. market represents its most recent major commitment, it *has moved quickly to establish* itself as a significant investor in American property.

In six years, the Grosvenor team has pursued an extensive but characteristically low-key investment programme in America, which has so far netted a range of commercial property assets stretching from Chicago and St Louis to Houston, Dallas and Phoenix—as well as up and down the west coast.

The emphasis has been on major downtown office buildings *and regional shopping centres* in the west and south west, areas which Grosvenor believes hold the greatest potential for growth. Early investments were in the $10-15m range, although the size of purchases is growing quickly.

Grosvenor has spearheaded its U.S. drive with the formation of investment partnerships, the first of which was Westcoast Freeholds—comprising the pension funds of British Airways, British Rail, the British Broadcasting Corporation and Boots.

Together with a second, closed-end fund named Westcoast Estates and involving the same funds, the partnership picked up a mixed portfolio of investments around the country. It has now formed Pacific Freeholds, into which three additional participants — the pension funds of Grand Metropolitan, Reed International and the National Freight Corporation—have been injected.

Grosvenor is, in effect, the managing partner with overall responsibility for asset management, although it employs outside property managers to handle individual properties on behalf of the partnership.

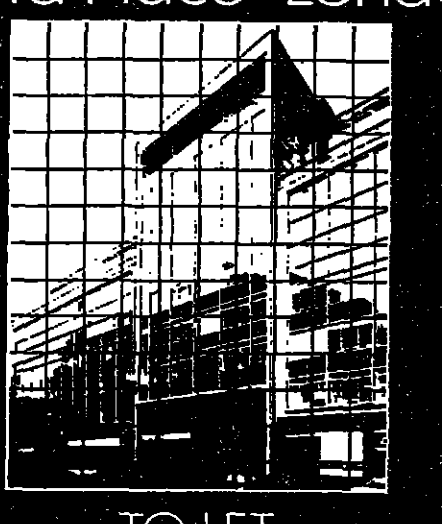
Pacific Freeholds was established in order to invest in bigger fish and a few weeks ago it announced its involvement in the purchase, for about $175m (£116m), of a half share *in the impressive Wells Fargo* building in downtown Los Angeles.

Hayward is reluctant to give away too many details about this increasingly substantial investment force but says that the Wells Fargo purchase is indicative of the partnership's new clout. The acquisition has not accounted for the first tranche of funds made available by the investment consortium, and other purchases are now being pursued.

In addition, it seems a second tranche—equal in size to the first—will be made available in November and this should keep Grosvenor busy buying for 12 months after that. All opportunities are put to Pacific, although Grosvenor could buy for itself if its partners were not keen.

Interest is confined to the best of prime and Hayward says that, while competition for such investments is fierce, there are more good quality buildings coming on to the market than in recent years. He describes the partnership as a half-way house between direct purchase by individual investors and a unit trust.

Though no-one is saying, the best guess is that the portfolio so far assembled under Grosvenor's guidance puts it in the same league as American Property Trust, the largest UK trust for pension fund investment *in U.S. real estate with* a gross portfolio value of around $250m.



Letters to the Editor

Company pension schemes and compulsory membership

From Mr M. Pilch

Sir,—I must take issue with one point in the otherwise admirable letter from Mr D. McLeish (March 2). Any proposal to compel employers "to apply for the benefit of each employee *the uniform percentage* of payroll currently paid to the company pension scheme" is incompatible with the maintenance of final salary pensions and it is dangerous to encourage anyone to believe otherwise.

What would happen in practice? Say the funding rate were 15 per cent of payroll and, for the reasons explained by Mr McLeish, most of the younger employees opted out. The following year the funding rate for the rest might go up to 20 per cent. Would the members who then opted out expect 20 per cent applied on their behalf? And would the people who opted out originally expect another 5 per cent? The logical conclusion is a company scheme with one member aged 64 for whom the funding rate is over 100 per cent of pay, with doubled salaries for everyone else! Long before that, any sensible employer would have *terminated* his scheme.

The truth is that this proposal has simply not been thought through. There are, for example, 10½m employees currently contracted out through occupational schemes. Any of them who opted out of the company scheme would immediately find himself and his employer paying extra national insurance contributions of 6¼ per cent of relevant earnings. That amount would have to be deducted from any payment made to a separate policy. Contracting out on an individual basis was examined by the *Labour* Government in 1975 but discarded because of the horrendous bureaucracy and costs involved.

There would also be a major impact on public expenditure. *Could civil servants* be excluded from legislation giving employees the right to demand a contribution from their employer to a separate fund? The already privileged position of civil servants would probably *become untenable in future* as a younger generation who had opted out of occupational schemes approached retirement and became the new poor. Taking the money out now and investing it would make more sense than *relying on the performance* of an unfunded promise in such circumstances. But where would the money to fund such payments come from? No prizes are offered for guessing the answer.

Michael Pilch
Noble Lowndes and Partners.
PO Box 144,
Norfolk House,
Wellesley Road,
Croydon, Surrey.

From Mr E. Palmer

Sir,—There are a number of points arising from Eric Short's note (February 23) on the possible end to compulsory membership of company pension schemes which call for further comment.

The proposed choice—"either join the company scheme or make your own provision"—would, it is true, make it possible for early leavers to avoid the loss of future pension under a company scheme. For any given level of combined employers' and employees' contributions, however, the cost of improving the position of those who change employment in mid-career would be to reduce the average final pension entitlement of all employees: only one pint can be drawn from a pint pot. Employees who wish to maintain their final pension prospects at company scheme levels may find themselves paying higher contributions.

Clearly it is appropriate that money contributed by the employer and employee should be earmarked solely for pension provision, but there is a case for flexibility in the rules in some circumstances. Where the employee leaves the employment early, for example to set up his own business, it would be a pity if he could not make use of something akin to the loan-back facility of some self-employed pension policies.

It remains to be seen whether the proposed new personal pension contract will be able to take all the many forms developed for present self-employed pension policies—specialised unit-linked, currency-based and the like. If that is permitted, and bearing in mind the employer's interest to see that the employee has an adequate pension on retirement, there will be a need for a procedure to limit the proportions invested in high risk areas.

E. B. Palmer.
186 City Road, EC1.

From Mr M. Brook

Sir,—While I sympathise with Mr Taylor (March 2) he, and possibly other readers, may obtain some consolation from my plight.

I left a bank in 1973 on a salary of £3,300 per annum, which at that time was managerial. I received a "preserved" pension of £650 a year at the expense of giving three months' notice and a promise that I would not damage the bank in any way!

The pension, payable at age 65, was still £650 per annum until 1978, despite massive inflation in the five years concerned. To the credit of the bank it has voluntarily (I think) increased the pension since 1978, but it still has not realised four figures, and as I am 65 in six years' time, and am at present relying only on a Personal Retirement Plan in force since 1973, my retirement looks like being pretty bleak.

I get the impression that if the question of indexing "preserved" pensions is made law, it will not be retrospective, so I have no chance. What is obvious is that the bank I worked for is reluctant to improve my position without the backing of legislation. If wealthy employers have this attitude, what chance have people who worked for less wealthy employers?

The reluctance of employers to play fair with "preserved pensions" can only be accounted for if they are unable, or unwilling, to persuade their staff associations, or unions, who are only interested in the existing staff, to accept and rectify the unfairness I have described.

M. Brook.
34 Foxholes Lane,
Calverley,
Pudsey, Yorks.

The Polly Peck saga and the role of a stockbroker

From the Hon. M. Bourne

Sir,—The article in Lex (March 1) headed "The rise and fall of Poly Peck," implies a fundamental misunderstanding of the role of a company's stockbroker.

Wild gyrations in stock prices bring their problems, sometimes elating, sometimes embarrassing. Certainly it was never the duty of the broker—in this instance L. Messel and Co — "to ensure that analysts from several other brokers had looked the company over." This duty belongs, if anywhere, to the company's merchant banker. Messel's duty was to effect introductions, is so asked, to the company whatever the status of the potential investor — whether institutional, competitive stockbroker or indeed private.

The risk of equity investment should not be misunderstood. Broker Messel's earnings forecast are merely an adjunct to help investors make up their own minds. You can be sure that other stockbrokers have been *aware of these forecasts* for sometime past—institutions, private investors and brokers were quite at liberty to check them for themselves.

Michael Bourne.
50 Bradbourne Street,
Fulham, SW6.

From Mr R. Graftey-Smith

Sir,—In the charnel house conditions which the Polly Peck collapse has left the "go-go" section of the stock market, there mingles with the reek of gore, an unmistakeable scent of sourgrapes. Schadenfreud is a common trait to find exhibited by many at such a time but it ill behoves your normally fair-minded author of the Lex column (March 1) to impute part cause for the debacle to the unique relationship of the company to its "house" broker Messel.

From the point of view of a small but rapidly expanding international business, it must make sense to any entrepreneur to restrict the number of close advisers he needs to consult. But even so, one would have thought that Mr Nadir in finding such pillars of the merchant banking world as Rothschild, Singer, and Arbuthnot to represent the various members of his group, would have satisfied any normal criteria of independent examination. Merely to suggest that using several stockbrokers would have spread the oprobrium more widely, is a wholly inappropriate comment.

It is perhaps worth remembering as anyone with experience of that divided island knows, that the antipathy of the Greek Cypriot for the Turk will ensure that any stick to hand will be used to beat the political drum. It is hard to conceive of a better weapon with which to draw attention to their cause, than the headlines the Greeks have engendered by their attack on an otherwise innocent business. Conversely, if there was any doubt before as to the support of the Turkish authorities for their nationals engaged upon revitalising their economy, both Cypriot and mainland, this recent attempt to undermine confidence by the Greeks is likely to see that commitment most thoroughly endorsed.

Roger Graftey-Smith.
Finsbury Circus House,
Blomfield Street, EC2.

TECHNOLOGY

EDITED BY ALAN CANE

MASSTOR SYSTEMS READY TO GO PUBLIC

Secret of storing 320 *Encyclopaedias*

BY ALAN CANE

SOME company executives would like to put their company files in a hole in the ground and cover them with concrete. Masstor Systems Corporation, a Sunnyvale, California, high technology company, makes it possible for them to so do.

So successfully, in fact, that the company turned over $20m in 1982 and is now in the early stages of going public. Some 2.5m shares are to be offered through L. F. Rothschild, Unterberg Towbin and Robertson, Coleman and Stevens to raise around $35m. If successful, it should value the U.S. company at about $200m.

Senior Masstor executives have already been marketing the company around Europe's financial centres—the Masstor roadshow—and they are hoping the Securities and Exchange Commission will give permission for the deal to go ahead within three weeks.

Combination

On the face of things, Masstor has a bright future, for it is at the leading edge of a technology vital to progress in business automation—providing storage systems for vast amounts of business data coupled with the facility to extract any chosen piece of information swiftly and efficiently.

To achieve this, Masstor—set up in 1976 by Mr Eric Salbu and a number of colleagues who left Ampex Corporation after its "Terabit" mass storage project was cancelled—uses a combination of three technologies, one of its own devising, one an improvement on an IBM system and one it buys in from outside.

It makes it possible for the company to store the equivalent in words of 320 sets of the *Encyclopaedia Britannica* in a box with a "footprint" only 10.8 ft sq and with the ability to extract any page from the total in less than ten seconds.

Central to the Masstor philosophy is a mainframe computer—it can be small or large according to the power required in the system but it has to be an IBM or IBM compatible machine.

Attached to the computer via the block multiplexing channel of the processor is the mass storage system itself—a beehive of cells, each containing a magnetic tape data cartridge and served by a robot arm which extracts the required data cartridge when requested to do so by the computer and delivers it to the read-write head.

This is similar technology to that used in IBM's 3850 mass storage system but the performance is higher—it runs its essential functions some 2.6 times faster, and the price per 1,000 characters of storage is $8.36 compared with $22.06 for the IBM.

This entry level system gives the IBM computer user access to the storage power of the mass storage system. What if the user wants other, different computers to share the same facility?

On the other side of the computer can be set the Hyperchannel, a superfast method of moving computer data developed by the U.S. company Network Systems Corporation and which is already well recognised as the technology leader in this area.

All kinds of mainframes—Univac, IBM or band X—can be connected to the Hyperchannel using special Masstor software—Massnet—which makes possible the high-speed sharing and transporting of data among applications.

But as the number of mainframes trying to share the huge resources of the mass storage unit increases, so the data transmission problems multiply and Masstor moves to what it calls shared virtual storage.

Here the mass storage system is removed from the IBM and attached to a special computer (it is actually a Fujitsu) called the virtual storage control processor which runs the whole show. This is linked to the Hyperchannel and all the host processors in the system including the IBM are also attached to the same high-speed link.

It is this system which could simply be dropped in a hole in the ground and left unattended, sealed in and safe from vandals, thieves and urban guerrillas.

Masstor recently concluded an agreement with System Industries which designs manufactures and markets disc and tape storage systems for use with minicomputers, for the two companies to work together on software enabling Digital Equipment minis — including the VAX supermini — to be attached to the Hyperchannel/Control Processor / Mass Storage system.

Reliability

Masstor Systems have been delivered to Control Data Corporation in the U.S., Brookhaven National Laboratory and the U.S. National Aeronautics and Space Administration. In the UK, an entry level system is under test at London University's computer centre and another system has been ordered by Manchester University. In Sweden, the Oil Consumers Union have taken delivery of an entry level system.

According to the market consultancy Nielsen Dataquest: "Masstor can offer greater device realiability at a reduced operating cost and a lower initial purchase price," going on to warn that there is a two-fold sales challenge — to create awareness of the need for such a system and convince users that Masstor has the right answer.

Masstor (UK) is not a subsidiary but is wholly owned by its directors including founder David Addison, a former senior executive with the ill-fated Itel leasing company.

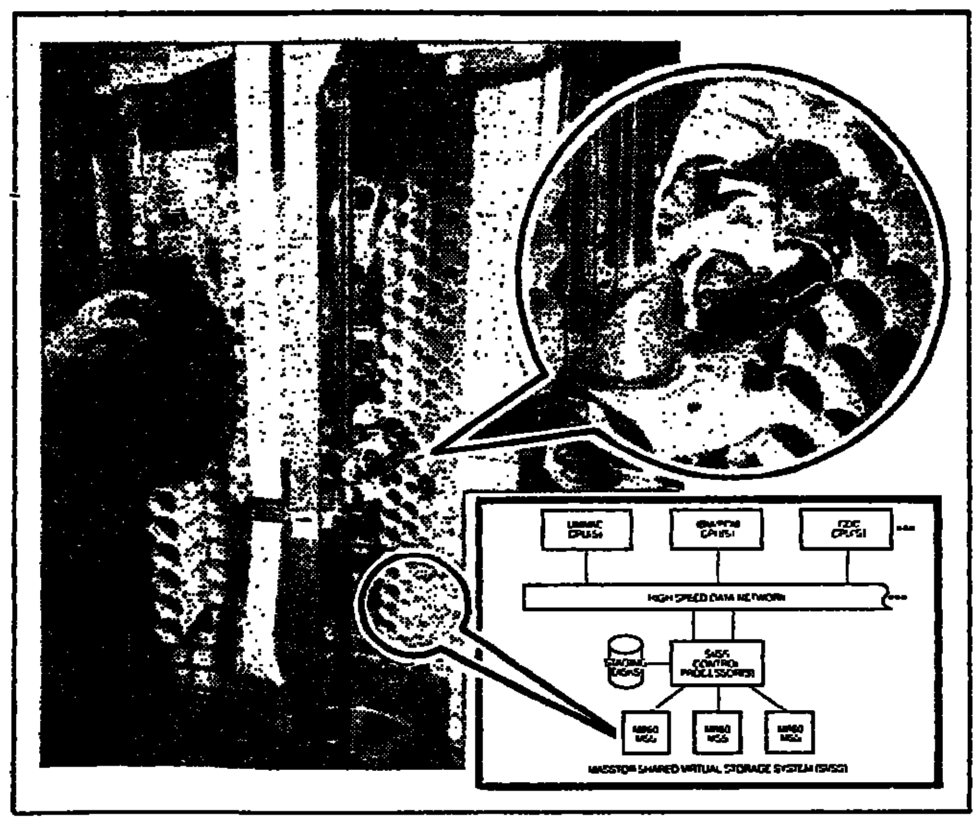
Eric Salbu is a director of the UK concern and there is an exchange agreement that subject to the performance of the company, Masstor (U.S.) can buy up the UK company on a 1.6 for 1 share basis up to 1985.

By then according to David Addison, UK revenues should be around $45m. Who are the likely UK buyers of Masstor systems, universities apart? Insurance companies, according to marketing support director Michael Beadsmoore: "We had 95 companies to a seminar before Christmas and most were insurance companies and banks.

"Insurance companies deal in thousands of policies — they need a system like this to enable them to deal properly with claims."

A note for the future: Almost as an afterthought Nielsen Dataquest notes that the data density of the magnetic cartridges in the mass storage system could easily be increased 10 times—or 3,200 Encyclopaedia Britannicas in the corner of the office.

Masstor (UK) is on 0734 871166; Masstor (U.S.) is at 541 Lakeside Drive Sunnyvale, California.



On the left Masstor's mass storage system (the M860) is seen with its covers off and the data cartridge cells clearly visible. Inset, detail of the robot arm which selects the requested cartridge. The diagram shows an idealised virtual storage system with three M860s and high capacity disks connected to the Fujitsu control processor. Various alien processors are connected to the system via the Hyperchannel high speed data network

TOYOTA SUSPENSION SYSTEM

Computer control for comfort

BY JOHN GRIFFITHS

TOYOTA has developed a microcomputer-controlled car suspension system, with hard and soft settings to overcome the major difficulty manufacturers face in achieving a satisfactory compromise between ride comfort and handling.

In addition, the microcomputer automatically increases the suspension resistance to roll on one side of the car during cornering, and similarly increases the resistance of front or rear suspension during hard acceleration or braking.

The system comprises, apart from the microcomputer: Shock absorbers with two-way switching valve and DC motor actuators.

A "mode" selector switch, by which the driver can manually select a soft ride, for slow urban driving or rough roads, or a "sport" setting for high speeds.

Sensors for the steering, to monitor change of direction; throttle peddle, to monitor degree of pedal derpession; stop lights and speedometer.

The system has just been launched in Toyota's "flagship" model, the Soarer. This car is currently sold only in the Japanese market, but the system is expected to become available on cars such as the cheaper Celica and Supra models, which are sold in the UK and on the Continent.

SAFE ELECTRICAL SYSTEM

Electrak plug and socket system

BY GEOFFREY CHARLISH

THE ELECTRAK mains plug and socket system, conceived in the mid-1970s and the subject of a considerable gestation period, was finally officially launched in London this week to the accompaniment of a special edition of "Mastermind" complete with Magnus Magnusson.

Electrak consists of continuous lengths of triple bus bar (three carefully spaced aluminium bars (suitably protected by plastic covers, that are fixed at head or skirting board level down the length of a room.

At intervals of either 100 mm or 200 mm down the length of the track there are holes in the cover into which a special mains plug is inserted and then turned through 90 degrees. The turning action brings line, neutral and earth pins, which are spaced down the axial length of the plug, into contact with their respective bus bars.

There are a number of advantages. First of course, an appliance can always be plugged in with only a short cord to the nearest socket. Leads need not trail over floors and the habit of plugging too many appliances into adaptors could be abandoned.

The company makes the point that there are seldom enough socket outlets in premises, a problem neatly solved by Electrak at the building stage. It is claimed that beyond just one or two outlets in a room, the new system becomes progressively cheaper than conventional installations.

Second, the system is claimed to be particularly safe. A finger can quite safely be inserted in the socket hole since all the live metal is well above and protected within slots in the internal plastics.

Connection of Electrak to a consumer unit is recommended to take the form of a radial circuit rated up to 63A for industrial and commercial applications. It can be fused down to 30 amps, says the company, for smaller installations.

Standard lengths are from 600 to 3,600 mm but the track can easily be cut to any length. Track lengths are easily linked by snap-in connectors. The system can be fitted along work benches, walls, even across a ceiling or with underfloor trunking systems.

For skirting board fitting an extended height hollow section is supplied that also allows other cable services to be run.


The Electrak system feeding power to a calculator and tape recorder

This is likely to prove important in the coming years when additional computing and communications cables have to be installed.

The system has been tested by ASTA (Association of Short Circuit Testing Authorities) at ERA in Leatherhead to a test schedule embracing the relevant British Standard and International Electrotechnical Commission requirements. It is designed to comply with the IEE Wiring Regulations.

The remaining requirements, then, are sufficient public acceptance of the idea and widespread availability.

A new plant has been set up at Consett with Department of Industry help and initial output will be up to 30km per month. In addition, Electrak International raised £5m via a private placing a few months ago.

Acceptance will follow if the price is right at about £35 per metre run and £1.60 for a plug—and if the installation industry at large does not feel some new standard is being imposed on it.

After all, many will remember the fate of the so-called "international" plug and socket idea which fell on very stony ground two or three years ago.

The company is at 45 High Street, Kingston upon Thames, Surrey (01-546 7799).

High speed printer range

TREND Communications, the data communications division of Phicom, has introduced a range of high speed printers. The 900 series comprises two dot printers which have speeds of 200 and 400 characters respectively.

The company says that both models offer bi-directional, full logic seeking, high resolution printing and graphics up to 4,000 dots per second. More details are available on 06285 24977.

Software for Apple users

Office packages available from Heyden Datasystems

New U.S.-written software for users of the Apple II microcomputer in the office and the laboratory is now available from Heyden Datasystems.

The packages for the office include "Quick Search Librarian" a bibliographic database and retrieval package, which, the company says, makes it easy to build and operate catalogues and files of literature references.

It will search at the rate of 50 articles a second and sort at 40 articles a second. Up to 1,000 articles and descriptions can be stored on each disc.

"Vidichart" allows the simultaneous display and manipulation of four sets of collected data and interfaces with Adalab, the Apple laboratory interface or any analogue to digital converter.

Other laboratory packages include a graphic software package which allows sophisticated curve fitting and data plotting routines. "Tempsense," a temperature monitor accessory which interfaces with the Apple Adalab and "Chromcard" which connects Apple's to any chromatograph. The packages are written by Interactive Microware Inc and Analytical Computers and Heyden's London office is on 01-203 5171.

Networks

Codenet based on Ethernet

INTRODUCED INTO the UK by Systron Donner of Leamington Spa is Codenet, an optical fibre network system based upon the Ethernet characteristics but able to operate efficiently over an area more than 10 times that covered by coaxial cables.

Typical Ethernet coaxial systems are limited to 2.5 km between nodes so that a circuferential system covers only 0.5 square kilometres and uses four repeaters. In contrast, the Codenet implementation can cover five square kilometres without a single repeater and can still maintain all the essential Ethernet timing conditions.

Codenet has been developed by Codenoll Technology Corporation of New York, which has an exclusive marketing agreement for the UK with Systron Donner, a Thorn EMI Technology company.

The Codenet units are completely plug compatible with all Ethernet equipment. More on 0926 35411.

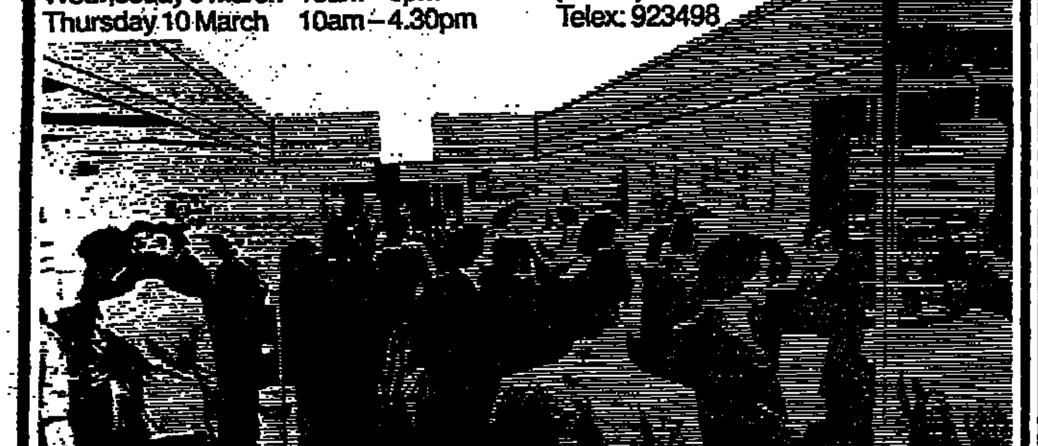
Robots

Swiss unit for UK

THE SOURIS Microbo, a miniature robot from Switzerland designed for component transfer, test and insertion in light precision engineering and electronics, is being made available in the UK by Concentric Production Research of Sutton Coldfield (021 355 1266).

The unit can handle loads of up to 0.1 kg with an accuracy of 0.01 mm. Movement, which can be pneumatically or electrically produced in up to eight axes, can be completed anywhere within the working orbit in 0.5 sec.

The controller has 16k of non-volatile memory, and there is a facility for cassette recorder program duplication. Programming can be either step-by-step or directly interactive.



THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Product design: Baker Perkins

'You have to have a long-term plan'

BY CHRISTOPHER LORENZ

MIKE SMITH and Charles McCaskie are unusual animals. Unlike most other top managers in the recession-devastated British engineering industry, they positively exude confidence and cheerfulness.

Their company, the main UK manufacturing arm of the Baker Perkins group, has by no means been spared the pain of profit cuts and job losses, but with the help of aggressive product, manufacturing and marketing policies grafted on to a strong base—as market leader in a series of specialised process machinery markets, many of them international—it looks like coming through the recession with most of its businesses in a stronger position than before.

The company's recipe for success includes not only its much-publicised pioneering of computer aided design and manufacturing—the dreaded CAD/CAM, which has made *it the government's favourite* "model" for other companies—but also an unusual readiness to think and act long-term in the face of a welter of negative short term pressures.

Smith and McCaskie would disagree most violently with the director of a troubled engineering company who, in a most revealing "report from the front line," argued on Monday that in the current economic climate there was little point in trying to plan future corporate strategy: "Next month is a long time ahead when survival is uppermost in everyone's mind," he wrote on this page.

Not for Baker Perkins. Though Smith and McCaskie would entirely concur with him about the need "to be quicker on our feet in every possible way," they are emphatic that "you have to *have a long-term plan.*" *This* is not just to "see the wood for the trees" among all the confusing signals from the economy, competitors and customers (provided, of course, that you still have any), but also in order to be able to pre-empt pressures from all three sources. Without some form of long-term plan which lays out your strategy, however flexibly, "you can only be reactive," says Smith.

Without this agreed framework, the company could not have carried through the redoubled commitment to product design and innovation which is such a key element of its own survival strategy. Unlike many other companies in the face of recession, "we took it as a prime objective to retain our investments in design and innovation because we saw new products as our way through," says Smith, who is managing director of Baker Perkins Limited, the main UK manufacturing arm of Baker Perkins Holdings. Limited accounts for about half the group's 1982 sales of £138m and just over a third of its labour force of 6,300.

As a result, McCaskie, who is Smith's technical director, reckons that as much as 70 per cent of Limited's turnover this year will be from products which have been launched in the past five years. This applies right across its three main divisions: all its printing machines are new, as is most of its bakery equipment, and much of its biscuit-making and cutting machinery.

Any German or Japanese manufacturer would be proud to boast such a record of innovation. Which is just as well for Baker Perkins, since its prime competition stems from precisely these countries, plus the United States.

Over the last few years it has also managed what can be an appallingly wasteful and time-consuming process with increasing effectiveness: the development-to-delivery cycle for some products has been nearly halved. As U.S. and European motor manufacturers have learned to their cost at the hands of the Japanese, a short product development cycle is a critical competitive weapon in itself.

One of the main ways in which Baker Perkins has achieved this streamlining is to give an unusually central role in the product development process to industrial designers. Smith raised eyebrows some time ago, at a top level government-backed meeting on product quality and design, by claiming that from a very early stage in the product life cycle his designers now acted as "product planners"—a term that implies co-ordination. They "no longer designed pretty guards to wrap our products in," he insisted, "but became the translator, the *bridge, the catalyst.*"

For a group of officials and managers used to treating industrial designers as little more than ergonomists and stylists brought in at the end of the development process, this was heady stuff, especially as it came from someone *who makes, of all things,* machinery, and who sells almost exclusively to industrial customers.

Yet Smith means precisely what he says, as the article below demonstrates. The way in which the designers, including a former church organ *maker,* have *helped* break down the barriers between different departments provides an object lesson for any sort of manufacturer or retailer desperately trying to gain an extra competitive edge.

Martin Wray at work: from organ-builder to "catalyst" in the development of heavy machinery

The strategic thinking

Leapfrogging the competition

SEVEN years ago Baker Perkins was in a fix. For many years its printing machinery division had sold one type of web offset machine, known as the "satellite" design. Its main international competitor, Harris Corporation of the U.S., had backed an alternative design, the "blanket to blanket" press. (Don't worry about the jargon, just enjoy the rich images it evokes.)

As "blanket to blanket" technology improved, other competitors followed suit. So, especially in the U.S., where Baker Perkins was already well-established, did the most rapidly growing and lucrative part of the market—not newspapers, with which the company had done considerable business, but the printers of magazines and brochures.

As a result, a range of half-a-dozen "satellite" products, plus a major new development project, had to be scrapped. Instead, the company em'ɒrked on a £2m-plus development programme designed to leapfrog ahead of the competition into the very top end of the blanket-to-blanket market, with a machine that can print 32 pages at once.

It was a bold, all-or-nothing, step, with levels of complexity and cost several times what Baker Perkins was used to; this is true even if one takes account of a 25 per cent government *grant which reduced the* project's risk to measurable proportions.

Rapid rate of knots

Less than three years later, first orders were being delivered. This was in spite of all the intricacies of using CAD/CAM for the first time, and having to develop micro-electronics expertise at a rapid rate of knots (with the help of Patscentre, the technology and product development arm of PA International, the management consultancy).

Since then, Baker Perkins claims to have outsold its chief U.S. competitor by two-to-one, and to have taken about a fifth of the world market and 70 per cent of the North American market for these big machines—which won a Queen's Award for Export in 1981. Excluding the beneficial impact of the government grant, the product began making money last year, four years after the launch of the prototype and a good six years from the very initiation of the project; such can be the long-term stakes in this business, even if your product is a remarkable bit.

By late 1980, Mike Smith, Charles McCaskie and the management of their printing machinery division began to get to grips with how to penetrate down-market with a slightly slower, 16-page machine. Not only were potential customers beginning to invite them to do so, but they had to broaden the product range in order to reduce the division's vulnerability to a single product/market segment, and at the same time gain economies of scale from a range of modular products sharing as many common components as possible.

The story of the development of this second printing press underlines the increasingly central role of the company's industrial designers. Together with a senior design engineer (the team leader) and a production engineer, one of the half-dozen designers now forms the core of each of the inter-departmental "product teams" through which Baker Perkins manages the development of every new product.

Martin Wray, a former church organ builder and subsequently a student at London's Central School of Art and Design, was the industrial designer on both of the printing press projects. In a new book about the work done for manufacturing industry by former Central graduates*, 35-year-old Wray summarised the pivotal role of the industrial designer at Baker Perkins in typically modest fashion. Not only does he have particular responsibility for appearance, ergonomics, hygiene and safety, he wrote, but "his sketching ability is also used as a communication link between members of the design team, other parts of the business and the customer."

Or, as the company's top industrial designer, Leslie Baines (a Royal College of Art graduate), puts it: "We're in touch with what's going on in all aspects of the business." Hence the industrial designer's ability to act as what managing director Michael Smith calls the "product planner."

Charles McCaskie, the technical director, explains the industrial designer's role with *the help of the classic statement* that "engineers are good at analysing, industrial designers at synthesising." He also stresses the extreme importance of the designer as communicator.

Himself a mechanical engineer, he says that "engineers tend to focus on cogs, wheels and mechanical forces, rather than on the product as a whole." It is not just engineers and marketing people who seldom speak the same language, he says, but also the design engineer and the pro*duction engineer.* "A manufacturing guy doesn't understand the process of printing at one speed rather than another," he says. "It's not part of his culture."

In other words, there are considerable inter-disciplinary communication problems even in a company such as Baker Perkins, where, to quote Mike Smith, "we tend to collapse the dividing lines between departments, to think in terms of interlocking circles rather than boxes."

On the second printing press project, Martin Wray began synthesising the analysis of his various colleagues—and adding some of his own—right from the very start in January and February 1981, during the all-important specification phase.

Difficult task

It was through specification-writing that industrial designers really began to be influential at Baker Perkins in the early-to-mid 1970s (the first was employed in the late 1960s). To synthesise the specifications of the marketing, engineering and manufacturing people can be an appallingly difficult task, which is why so many companies find, for example, that their new products suit the customer but are difficult and expensive to manufacture. Or the product proves easy to make, but fails to meet consumer needs. It all depends on who gets the upper hand.

It is equally possible that the various sides settle on a weak compromise which suits nobody and, once launched on the unsuspecting marketplace, proves a dud formula on all counts.

During the specification phase Wray played what Michael *Smith considers a crucial role* in challenging the proposals of several specialists — including some which concerned the key question of which market segment to go for, and therefore precisely which performance characteristics to specify.

And during the subsequent 12 weeks, when the product team was trying to establish whether it would be possible to make the new press to the extremely tough target costs that had been agreed as necessary (30 per cent cheaper on a comparable unit cost basis *than the top-of-the-line* machine), Wray's sketching ability proved vital in establishing a basis for the intricately detailed communication which had to take place between the various parties.

Simplest solution

His imaginative proposal of several new concepts for certain components were also of considerable assistance in getting the cost down. "Engineers can't sketch—they're not trained to," says McCaskie. "And their imagination can be dead, too," he says. "Sometimes they miss the simplest solution."

And so the catalogue of industrial design virtues continues, right down to what Americans call the "bottom line": the ability of industrial designers to shorten the product development cycle not only indirectly, by helping specialists communicate with each other, but also directly, by accomplishing through a few quickly-done *sketches what would take an* engineering draughtsman weeks to do, even with the help of CAD/CAM. The entire development-to-delivery process took only two years on the second press, the first of which is currently being installed in Chicago.

Added to all this was some more obvious but nevertheless important work on aesthetics and ergonomics, including requirements for easy field installation and maintenance, plus the resolution of some very tricky safety aspects to do with access to the top of the press.

Unlike certain motor companies, Baker Perkins is also using the conceptual skills of its industrial designers to improve its technical manuals, and even now to give a completely new dimension to some of the discussion in its corporate plan *about future factory layouts and* workflows.

If a behavioural scientist were asked to study the company's use of industrial designers, he or she might well conclude that they are combining as many as half the key skills which are generally con*sidered necessary to the success* of a management team. At one and the same time, they seem to be acting, alone or in conjunction with the product team leader, as co-ordinators, ideas men, critics and what is known in the trade as "inspectors" or "completers." This is a far cry from the stereotype view of "designers as stylists" which is still all too common in industry today.

* *Central to Design—Central to Industry. ISBN 0 946282 00 5. Price £8.50. Published by Dept. of Industrial Design, Central School of Art & Design, Southampton Row, London WC1B 4AP.*

Mike Smith (left) and Charles McCaskie

Executives in Europe lack drive

A DEPRESSING lack of ambition among European executives is the picture that emerges from a new comparative study of Western businessmen.

They do not aspire to such heights as their American cousins, says the study; almost 30 per cent of more than 900 European executives believed that they would never achieve their life's ambition and only about 45 per cent thought that they would.

In contrast, according to the latest issue of International Management Magazine, a hefty 65 per cent of 1,400 U.S. managers had hopes of getting where they wanted to go. Only a fifth of them had negative feelings about climbing the promotional ladder.

In national terms, the most positive responses among European executives were made by *Swiss, Italians and Danes. The* British were the most negative; around 40 per cent of UK respondents did not feel they would ever fulfil their ambitions.

The survey highlighted other significant differences in attitudes towards corporate life between U.S. and European businessmen.

When asked to pinpoint what gave most satisfaction in their lives, almost half of the European executives chose their home life and a third cited their careers.

In the U.S., the picture was reversed. A majority of American executives felt that their careers provided their greatest satisfaction; senior managers attached significantly more importance to their careers than did middle and supervisory managers.

*There was a similar diverg*ence of attitude over willingness to uproot families and move to a new location for higher pay and more responsibility.

More than half of the European respondents said they would turn down relocation. The equivalent response from U.S. executives was 10 per cent. The proportion of European managers willing to relocate five years ago was 70 per cent, compared with 47 per cent today, the survey notes.

Arnold Kransdorff

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
4	5	6	7	8	9	10

Exhibitions

LONDON

Tate Gallery: Peter Blake – a full retrospective of the work of Peter Blake, founding father of British Pop almost before he left the Royal College in the middle fifties, with his obsessive anthologies of everyday bric-a-brac, small boys off to the pictures with their painted ties and myriad badges, and his Circus Ladies, all tinsel and tattoo. Then came the film and pop stars, the wrestlers and strippers of the sixties, then Alice in Wonderland and Titania and her Fairy Court in the seventies. The work is always fascinating, ofen lively and beautiful, as often unresolved and tentative. *Ends March 20*

The Royal Academy: The Cimabue Crucifix – one of the greatest and most influential of the masterpieces of the early Renaissance brought to London by courtesy of Olivetti. This extraordinary and beautiful object was made by Cimabue in the 1280s for the great new church of Santa Croce in Florence, where it hung until it was all but destroyed in the appalling flood of 1966. Much of the painting was irretrievably lost, but the rescue of so much is a kind of miracle. Ends April 4.

PARIS

Giorgio de Chirico: Beaubourg is showing some 100 paintings and 40 drawings by De Chirico, including the most important ensemble of his metaphysical work ever. Centre Georges Pompidon, Grande Galerie, 5th floor. (277 1112). Closed Tue. Ends April 25

The Hague School of painting: 160 oils and watercolours by 19th century Dutch artists depict mostly the sea and the seashore in a poetical mood or genre scenes and culminate gloriously with the beginnings of Van Gogh and Mondrian. The exhibition will go on to London and The Hague. Grand Palais, closed Tue. Ends March 28 (261 5410)

WEST GERMANY

Düsseldorf, Kunsthalle: The show offers a comprehensive survey of Henri Matisse. The 80 paintings include works on loan from Paris, New York, London and Moscow. They are supplemented by a dozen sculptures. The focal point of the show is the gigantic La Danse. Ends April 4.

Cologne, Rautenstrauch-Joost Museum: The only German venue of an exhibition featuring 2,000 Mexican wooden dance and death masks. Also Pre-Columbian objects on loan from the Instituto Nacional de Antropologia e Historia in Mexico City. Ends May 15.

Hanover, Kestner Gesellschaft, 16 Warmbüchenstrasse: The complete graphic work of Oskar Kokoschka, the Austrian expressionist, carefully guarded against daylight so as not to damage the delicate water colours and drawings. Ends May 15.

Berlin, Brauhaus Archiv, Klingelhöferstrasse: German paintings from the 1920s and 1930s on loan from Havard University's Busch-Reisinger Museum. Ends April 17.

ITALY

Florence, Palazzo Pitti: One hundred works from Dresden Picture Gallery. Ends March 4.

Milan, Palazzo della Permanente: Twentieth Century paintings including Sironi, Campigli, Carra de Chirico and Morandi. Ends March 27.

NEW YORK

Metropolitan Museum of Art: Those overwhelmed by the sheer volume of art at the Vatican will much appreciate the present loan of 230 choice pieces, including the Apollo Belvedere, Caravaggio's The Deposition and even modern pieces by Matisse in what the museum is calling its show of a decade. Ends June 12

Asia Society: The Silk Route and the Diamond Path follows the spread of culture and wealth in Buddhist art from the 7th to the 17th centuries, with works in all media borrowed from the British Museum, the Cleveland Museum and Los Angeles. Ends April 3.

WASHINGTON

National Gallery: On the centenary of Edouard Manet's death, a hundred paintings, pastels and photographs show the growing interest in Paris among artists of that time, including Manet, Monet, Caillebotee, Daumier, and Vuillard, in this thematic exposition. Ends March 6. Seven major series by sculptor David Smith are represented in the 60 large works in welded metal included in the exhibit. Ends April 24. (357 2700)

CHICAGO

Museum of Contemporary Art: 300 works from the superb modern Russian collection of George Costakis preserves the exuberant hopes of cubo-futurism, suprematism and constructivism through the paintings and designs of Klun, Chasnik, Rodchenko, and Malevich before their extirpation by Stalin. Ends March 13.

VIENNA

Museum des 20. Jahrhunderts: Painters of the American West and circles of the world. Art and culture from the world of the Red Indians. (End March 13)

HOLLAND

Rijksmuseum van Oudheden, Leiden: Egyptian hieroglyphics on papyrus up to 4,000 years old. Ends April 4.

Dutch contemporary artists, selected by Albert Waalkens. Museum Boymans-van-Beuningen, Rotterdam. Ends April 4.

Music

PARIS

Magda Tagliaferro recital (Mon) Theatre Des Champs Elysees (723 4777).

Toronto Symphony Orchestra conducted by Andrew Davis with Barbara Hendricks: Mahler (Mon) TMP – Chatelet (261 1983).

Talich Quartet: Beethoven, Bartok (Mon) Radio France. Grand Auditorium (230 3060).

Walter Berry: *Schubert Recital (Mon).* Theatre de l'Athenee (742 6727).

Lamoureux Concert conducted by Justus Von Websky in the Brahms Requiem with the Montjoie Choir (Mon, Tue). La Trinite Church (563 4434, 11am–4pm).

Ensemble Orchestral de Paris conducted by Gerard Akoka with Uto Ughi, violin: Rossini, Paganini, Ravel (Tue) Salle Gaveau (563 2030).

Jessye Norman with the Lyons Orchestra conducted by Serge Baudo: Wagner (Tue) TMP-Chatelet (261 1983).

Vyron Bellas: Beethoven Sonatas. (Thur) *Theatre des Champs Elysees* (723 4777)

Orchestre de Paris conducted by Daniel Barenboim with *Kathleen* Battle, soprano and John Shirley-Quirk, baritone, with the Orchestre de Paris Choir conducted by Arthur Oldham; Brahms' German Requiem (Wed, Thur) Salle Pleyel (563 8873).

LONDON

London Choral Society, Philharmonia Orchestra and Haberdashers' Boys' Choir conducted by Gustav Kuhn. Verdi and Orff. Royal Festival Hall (Tue) (928 3191).

London Symphony Orchestra *conducted* by Yuri Simonov with Lynn Harrell, cello. Beethoven, Dvorak and Tchaikovsky. Barbican Hall (Tue, 6.30pm) (638 8891).

London Mozart Players conducted by Tamas Vasary with Ani Schnarch, violin. Rossini, Mozart and Schubert. Royal Festival Hall (Wed).

English Chamber Orchestra conducted by Raymond Leppard with Boris Belkin, violin. Dvorak, Haydn and Mozart. Barbican Hall (Wed).

Pinchas Zukerman, violin with Marc Neikrug, piano. Schubert. Royal Festival Hall (Thur).

Claude Helffer, piano. Bartok and Beethoven. Queen Elizabeth Hall (928 3191) (Thur).

London Symphony Orchestra conducted by Yuri Simonov. Beethoven, Prokofiev and Tchaikovsky. Barbican Hall (Thur).

WEST GERMANY

Munich: Herkulessaal Der Residenz: Munich Philharmonic Orchestra conducted by Sergiu Celibidache. Mozart and Strauss. (Mon, Tue, Wed).

Berlin Philharmonie: Berlin Philharmonic Orchestra, conducted by Lorin Maazel. Gluck, Stravinsky and Beethoven (Tue, Wed).

NEW YORK

New York Philharmonic: (Avery Fisher Hall, Lincoln Center): Christoph von Dohnanyi conducting, Seymour Lipkin piano. Beethoven, Mozart, Trojahn, Strauss (Tue); von Dohnanyi conducting. Haydn, Henze, Dvorak (Thur) (874 2424)

Carnegie Hall: Slovenian Symphony of Yugoslavia, Anton Nanut conducting, James Dick piano. All-Brahms programme (Mon); National Symphony Orchestra, Mstislav Rostropovich conducting, Galina Vishnevskaya soprano, Stafford Dean bass. Tchaikovsky, Shostakovich (Wed); *Andre Watts piano recital.* Bach, Schubert, Liszt, Debussy (Thur) (247 7459).

Carnegie Recital Hall: Da Capo Chamber Players, Judith Bettina soprano, Rose Marie Freni mezzo, Daniel Druckman percussion. Foss, Copland, Stravinsky (Mon) (247 7459).

Merkin Hall (67th w. of Broadway): New York Pro Arte Chamber Orchestra, Raffael Adler conducting, Michael Rudiakov cello. J.C. Bach, Mozart, Haydn, Rautara (Mon) (362 8719).

Kaufman Hall (Y, 92nd & Lexington Av): Y Chamber Symphony, Henryk Szeryng conducting and violinist. All Bach programm (Wed) (427 4410).

WASHINGTON

National Symphony (Concert Hall, Kennedy Center): Mstislav Rostropovich conducting, Galina Vishnevskaya soprano, Stafford Dean bass. Tchaikovsky, Shostakovich (Tue, Thur) (254 3776).

CHICAGO

Chicago Symphony & Chorus (Orchestra Hall): Erich Leinsdorf conducting, Irene Gubrud, soprano. Barber, Wagner (Thur) (435 8122)

VIENNA

Musikverein (658 190): Teresa Berganza Lieder recital. Guitar: Jose Miguel Moreno. Cara, Vecchi, Dowland. (Mon).

Konzerthaus (721 211): Paul Esswood, countertenor. Purcell, Handel, Bach. Wed).

ZURICH

Tonhalle: Peter Schreier Lieder recital with Walter Olbertz, piano. Schubert and Schumann (Mon); Tonhalle Orchestra conducted by David Zinman with Heidrun Holtmann, piano. Faure, Schumann and Mendelssohn (Tue, Wed and Thur).

Theatre

NEW YORK

A View from the Bridge (Ambassador): Broadway and Arthur Miller finally have a hit for the new year – Arvin Brown's musty but true revival of the melodrama of forbidden love in New York dockland. Tony LoBianco may reach the full pitch of contrived despair too soon, but audiences love the schmaltz, even in an Italian accent. (239 6200)

The Misanthrope (Circle in the Square): A witty translation by Richard Wilbur challenges an excellent cast to handle rhyme as dialogue which they ably do, led by Brian Bedford, supported by Stephen D. Newman, director Stephen Porter and especially costumer Ann Roth. (581 1346)

The Entertainer (Roundabout 23rd & 8th Av) William Gaskill's evocation production of the John Osborne chestnut stars an appealingly shuffling and quizzical Nicol Williamson while bringing the era of the Suez crisis to an American audience with Michael Sharp's headline dominated set. An excellent supporting cast of Humphrey Davis as father Billy Rice and Frances Cuka as Archie's long-suffering wife Phoebe. (242 7800).

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472)

Agnes of God (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Amanda Plummer enliven a somewhat over-written clash of ideologies. (246 4636)

Joseph and the Amazing Technicolor Dreamcoat (Royale): The first work by Andrew Lloyd-Webber and Tim Rice in a lively and imaginative rendition directed by Tony Tanner. (245 5760)

Geniuses (Fairbanks): Author Jonathan Reynolds takes advantage of a stint watching Francis Ford Coppola shooting Apocalypse Now to parody the American film industry in this riotous re-creation of a jungle film set awaiting the end of a seasonal typhoon. (432 W. 42nd). (279 4200)

WASHINGTON

Screenplay (Arena): A circus setting is used by director Zelda Fichandler to present Istvan Orkeny's last play, which creates its own show trials for a fictitious Hungarian politican recalled from his ambassadorship in Paris to witness the testimony prepared against him. (254 9895)

Show Boat (Opera House, Kennedy Center): A cast of 50 from the Houston Opera company led by Donald O'Connor revives the Kern-Hammerstein musical of 1927 with its brilliant score including songs Ol' Man River, Bill and Make Believe. (254 3770)

The Imaginary Invalid (Arena Stage): Guthrie Theatre's associate artistic director Garland Wright presents Argan and company with Marc Antoine Charpentier's original music for Moliere's masterpiece about quackery and hypochondria in the ancien régime. (488 3300)

Mark Twain Tonight (Opera House, Kennedy Center): Since 1954, Hal Holbrook has played the venerable American humourist between other roles and now brings his Tony-winning one-man show to Washington where he last performed to sold out audiences in 1981. (254 3770)

CHICAGO

The Comedy of Errors (Goodman): With Adriana played by world champion baton twirler Sophie Schwab and Luciana by Gina Leishman who has mastered seven musical instruments, this Shakespeare could be nothing but a circus, especially surrounded by the Flying Karamazov Brothers and street musicians and jugglers from across America in Robert Woodruff's lively production. (443 3800)

Duet for One (North Light Rep, 2300 Green Bay, Evanston): Tom Kempinski's slightly veiled story of the painful and frustrating accommodation of a concert artist to growing debility stars Eva Marie Saint. (869 7278)

E. R. (Organic, 3319 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodramas, starring Gary Houston as an ambitious young doctor, Shuko Akune as the receptionist and Lily Monkus as the authoritarian nurse. (327 5588)

VIENNA

Vienna's English Theatre (421 260): Arsenic And Old Lace (Daily except Sun)

Theater an der Wien (579 632): Anatevka (Daily except Mon)

HOLLAND

Mickery Theatre, Amsterdam: Slow Fate by Mike Figgis, an unorthodox play featuring music and projection as well as actors.

LONDON

A Map of the World (Lyttelton): Brilliant new play by David Hare, set in a luxury Bombay hotel where a Unesco conference on world poverty has been convened. Chill, meticulous production by the author has strong performances from Roshan Seth (Nehru in the film Gandhi) as an Indian novelist, Bill Nighy as a journalist and Diana Quick as the actress in the middle of an ideological showdown. (928 2252).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Yakety Yak (Astoria): Enjoyable potpourri of songs by Lieber and Stoller, evocative of the 1950s and '60s, and exuberantly performed by a Liverpudlian quartet of brothers and The Darts. (437 6565).

The Real Thing (Strand): *Fascinating,* enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex vein. A tone of serious levity is well struck in Peter Wood's production and the performances of Roger Rees and Felicity Kendal. (836 2660/4143).

Other Places (Cottesloe): Triple bill of Harold Pinter plays superbly directed by Peter Hall. Pinter breaks new ground in A Kind of Alaska, Judi Dench outstanding as a woman coming out of coma after 29 years and accelerating from small girl to adult maturity in half an hour. (928 2252).

Trafford Tanzi (Mermaid): Exuberant play that sets the battle of the sexes in a wrestling ring. This fringe success has re-opened the embattled City of London venue. (236 5568)

The Pirates of Penzance (Drury Lane): Riotously vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. One or two brilliant set pieces, but is all this strenuously arthritic camping about really preferable to the prim stasis of the D'Oyly Carte tradition? (836 8108)

84 Charing Cross Road (Ambassadors): Moving, unspectacular account of the love affair by correspondence between a New York Anglophile, Helene Hanff, and the owner of a West End bookshop. (836 1171)

Opera and Ballet

WEST GERMANY

Berlin Deutsche Oper: Lohengrin with Karan Armstrong and Peter Hofmann. Götz Friedrich's Aida has fine interpretations by Julia Varady and Giorgio Lamberti. Boris Godunov features Sieglinde Wagner and Martti Talvela. Idomeneo has Edda Moser. Salome, produced by Wieland Wagner, rounds off the programme. (34 381).

Hamburger Staatsoper: Fidelio has Rainer Goldberg as Florestan and Lisbeth Balslev as Leonore. Bach's Amadis, rediscovered after 200 years, is produced by Marco Arturo Marellis, conducted by Helmut Rilling and features Doris Soffel and Helen Dunati. Also Hoffmann's Erzählungen with Neil Shicoff in the title role as well as Der Lieberstrand with an all-Italian cast. Der Rosenkavalier with Brigitta Fassbänder as Octavian, Helen Donath as Sophie and Hans Sothin as Ochs has been highly acclaimed (351 151).

Frankfurt Opera: Die Sache Makropulos, an ultra-modern production by Ruth Berghaus, has Anja Silja excelling in the part of Emilia Marty. Fidelio has Ingrid Haubold as Leonore. Der Fliegende Holländer sees Maria Slatinaru making her debut as Senta and Leif Roar in the title role. Un Ballo in Maschera is a fresh and delightful revival. (25 621).

PARIS

Prokofiev's Love of Three Oranges – Opera Comique. (296 1220)

The Sleeping Beauty Paris Opera Ballet. Palais des Congès (758 1458).

The Paris Opera Ballet School at the Theâtre des Champs Elysées (723 4777).

LONDON

Royal Opera, Covent Garden: Carmen, with a cast brilliantly led by Agnes Baltsa and José Carreras, returns in triumph to Covent Garden after an absence of six years. Colin Davis conducts. (240 1066).

Sadler's Wells, Rosebery Avenue (278 8916): Ballet Rambert in works covering the company's history, from Ashton's Capriol Suite to Alston's Rite of Spring.

NEW YORK

Metropolitan Opera (Opera House, Lincoln Center): First seasonal performance of Fabrizio Melano's production of Madame Butterfly, conducted by Eugene Kohn with Teresa *Zylis Gara and Nicole Lorange. Also* Don Carlo, La Boheme, and Der Rosenkavalier and the last seasonal performances of Adriana Lecouvreur and Arabella. (580 9830)

Jennifer Muller and The Works (City Center, 55th E. of 7th Av): Better known in Europe than her native America, Muller and company perform two world and three local premières in the four programmes of mixed repertoire. (581 7907).

WASHINGTON

Dance Theatre of Harlem (Opera House, Kennedy Center): Classically-trained dancers with a special interest in American forms and traditions have blossomed in one of America's best loved troupes. Their three-programme repertoire includes three premieres along with five familiar, pieces, among them Firebird by John Taras and A Streetcar Named Desire by Valerie Bettis. (254 3770).

CHICAGO

Porgy & Bess (Arie Crown): This full scale revival with 90 actors and 56 piece orchestra will go on to New York to mark the 50th anniversary of the Gershwin classic of melodious heartbreak in the ghetto. (791 6000)

VIENNA

Staatsoper (5324/2655): Die Schweigsame Frau, Il Trovatore, Der Barbier von Sevilla.

Volksoper (5324/2657): Das Feuerwerk, Der Graf von Luxemburg, Die Entführung aus dem Serail.

HOLLAND

Nederlands Opera is presenting Der Fliegende Holländer at the Circustheatre, Scheveningen and Amsterdam Stadschouwburg.

Berlin Film Festival/Nigel Andrews

The good, the bad, the clinkers

The first thing one always notices at the Berlin Film Festival is the poster, and this year it was as terrifying in design as ever. A large flying eye with wings of rainbow-coloured celluloid edged with black sprocket-holes.

"Free-floating eye" is of course a condition frequent at film festivals—one's eyes part company from one's body early on and lead a separate, insomniac, celluloid-fixated existence. But at Berlin this year it was even more virulent than usual. For many of the films, most of all in the appalling early days of the Competition, the body (and often the mind too) had to go into retirement to preserve its sanity. The eyes took the details down all by themselves and stored them in the memory-bank for later rumination.

Berlin is probably the best-equipped, best-run film festival in the world: with a bottomless supply of polyglot information about all the films, unflagging simultaneous-translation facilities, and viewing theatres congregated within a few blocks of each other in the city centre. Yet every year in the Main *Competition* the good *films* jostle with an army of petrifying clinkers. Who could fail to be turned to stone this year by Sohrab Shahid Saless's *Utopia,* where large prostitutes in an exclusive German brothel simmer, smoulder and finally pool their feminist angst by killing the pimp-manager? Or by Daniel Schmid's *Hecate,* lobbing poor Lauren Hutton into the loopiest colonial sex-and-mystery pother (set in North Africa) since the heyday of S. Maugham.

Lauren Hutton in 'Hecate'

Somewhere around the middle sphere of the Competition, we ascended from the reek of hellfire and lunacy to a cooler but still sooty-ish ether; populated by Edward Bennett's *Ascendency* from Britain, which won the Golden Bear for Best Film, and Margarethe Von Trotta's *Labour of Love* from West Germany.

In the first, produced by the British Film Institute, Julie Covington is the black-garbed slip of a gel who's lost her brother in World War I and now lives strickenly with shipyard-boss Papa (John Phillips) and numerous servants on the edge of Belfast. Time: 1920. Like Niobe she is all tears, but they're inward. Gelid and even severe of face, her shock has communicated itself to her right arm which to paralysed. Here we sniff symbolism—the *left* arm is her active one. And sure-and-to-goodness Miss Julie is soon identifying with a new war, raging on her very own doorstep, between the vicious occupying British capitalists (i.e. Dad) and the downtrodden Irish, who are rioting fair to provoke the launch of British rule. Which is duly provoked.

The film hobbles rather than walks. Shot in a porridge-textured colour, it's one of those BFI movies where galloping left-wing content vies with an almost constipated squareness of style. But at least it tries for a dense and decent complexity of metaphor and flatters the viewer with an invitation to do some work.

Likewise the Von Trotta. Here's another Antigone (Angela Winkler) in mourning for a dead brother, who hanged himself. She's saved from the deeps of suicide or insanity by *a husband's friend's wife,* the sprite-cheeked Hanna Schygulla. The two cosy up together and provide mutual therapy, much to the escalating jealousy of their menfolk.

Is Von Trotta here allegorising? Is the dead brother perchance the lost half of sundered Germany? Are the husbands the spirit of hawkish and patriarchal divisiveness? Please yourselves. But the movie quietly mesmerises on its own flesh-and-blood level: a Platonic *pas de deux* even more mischievous and visceral than Von Trotta's last, *The German Sisters.*

Somewhere bobbing between different cloud-levels in the Competition, an Austrian, a Turkish and a French film deserve to be hymned for their visual qualities. *The Silent Ocean* was directed by Fassbinder's Austrian-born ex-cinematographer Xaver Schwarzenberger. The magician with light who created *Lola* and *Veronika Voss* works amazing patterns of texture and chiaroscuro—from blind-filtered ingots of light on a parlour wall to wraiths of mist pendant in a bedroom—in the tale of a shame-haunted country doctor (Hanno Pöschl) coping with rabies and his own guilt. Erden Kiral's *A Season in Hakkari* is likewise a sight for sore eyes: the story of a teacher spending a winter in a snowtop Turkish mountain village, told in fiercely beautiful tableaux of primitive life.

Best of the three, Alain Robbe-Grillet's *La Belle Captive* is a preposterous payload of marvellous surrealism, photographed as if to save his life by Henri Alekan (who shot Wender's *The State of Things*). It rains ocular riches around one, with *Magritte-derived* images of formal ladies and gents in wildly unearthly settings and positions: in vast pillared mansions (shades of Marienbad), bondaged on beds, framed by proscenium curtains on shimmering beaches. Never mind the plot—it's a Cocteau cocktail of earthly desire and beyond-the-grave mystery—just feel the width of paradox: that not for the first time it has taken a writer (compare Pasolini and Fassbinder) to come to cinema and truly think *in pictures.*

But the topmost empyrean of the Berlin Competition was occupied by two films that managed to beat dramatic as well as eye-pleasing wings.

Alain Tanner's *In The White City* was inspired, says the Swiss director, by a surreal *objet trouve* he found in a bar in Portugal: a clock whose hands and figures went backwards as if reflected in a mirror. The "white city" is Lisbon and it's also the mind of crisis-caught Bruno Ganz, ship's mechanic. Here he is, furloughing in a seedy hotel trying to wipe his life clean and, for a week or three, to destruct "time."

Romance with hotel maid; letters and 8-mm "home movies" sent off to his wife in Germany; the odd brawl in a tavern bar. A trifle existentialist, I'm sure you'll think and fear. But though little happens and the plot thins rather than thickens, the movie grows into a fascinating portrait of a man trying to be reborn, to build his life and feelings again like the white blocks of Lisbon itself. And Ganz in the lead role is magnificent.

Eric Rohmer's *Pauline à la Plage* is the other mini-masterpiece: a deliciously skittish square-dance set in holiday-resort Normandy. Six or seven humans change partners, fall in love, fall out, philosophise; all to the rhythm of Rohmer's sage and insouciant metronome wit. It's a head-on bout of tauromachy between the trivial and the tragicomic, and if you cross your fingers securely it's bound to come to London.

A whirl through the non-competitive sideshows at Berlin spotlighted other hopefully Britain-bound movies. Chris Marker's ethno - documentary *Sans Soleil* has a commentary seemingly designed for permanent occupation of Pseud's Corner. ("He said he had been round the world several times and that now only banality interested him" . . . "Did you know there were emus in the Ile de France?" . . .) But visually its globetrotting jigsaw of images from Japanese, African and French cultural and quotidian life is riveting.

Tankred Dorst's *Eisenhans* from West Germany is a black-and-white bucolic tragedy of a man's love for his daughter, brilliantly acted by Gerhard Olschewski as a brute hero straight out of Büchner. And the full-length *Heaven's Gate* found yet another festival to unspool in — surely Cimino's film is fast becoming the most resilient "failure" in Hollywood history. (And where did you read its praises first?)

There was a doldrums of a Retrospective at Berlin this year, honouring the expatriate careers in England and Hollywood of a group of virtually unheard-of Teutonic film actors. The only famed exception was ex-Austrian Elisabeth Bergner, who croaked and twinkled through some pleasant British *movies of the 1930s:* not least a cheerfully effervescent version of that famed Bette Davis warhorse, *A Stolen Life.*

On the penultimate night the best film of the festival, unannounced and non-competitive, dashed in disguised in a tricorne and French cloak. Andrzej Wajda's *Danton* is everything that a historical movie should be: urgent, credible, impassioned, searingly intelligent. Gerard Depardieu plays Danton, the "counter-revolutionary" persecuted for his belief in freedom rather than terror: (for Danton read Lech Walesa?). Wojciech Pszoniak is a chill resplendent Robespierre, like a snowman dressed for a coronation. And Wajda's gloriously handsome framing and lighting bow to the paintings of Jacques-Louis David without ever freezing into the merely iconic.

These Foolish Things

Michael Coveney

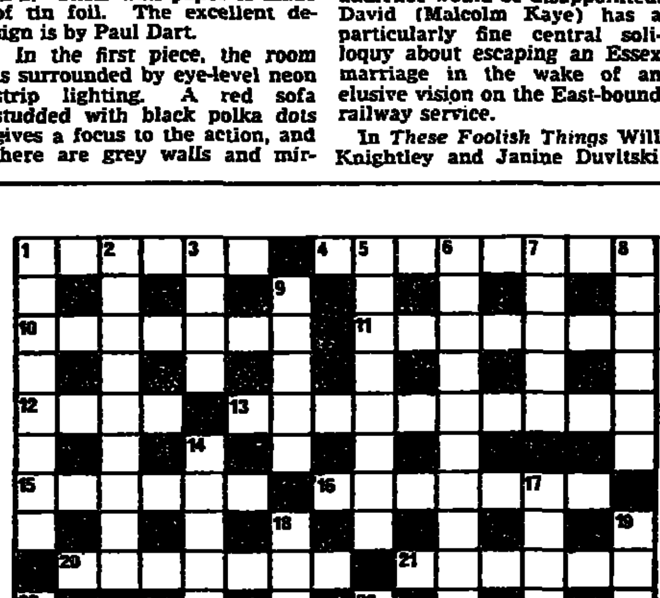
The Old Red Lion pub theatre in Islington has just taken the West End by storm with *Crystal Clear,* a play about falling blindly in love. The same subject with a less literal application is at the centre of Philip Davis's most promising playwriting debut back at home base opposite the Angel tube station.

The double bill features two separate couples. In *Déjà Vu* David and Janet play a venomous game of seduction having eloped from a party. In *These Foolish Things* Dan and Jan, excluded from a trendy party upstairs (the same one?), fill in the details of a suburban marriage to the design accompaniment of the video-age accoutrements of screens and hi-fi. Their wall paper is made of tin foil. The excellent design is by Paul Dart.

In the first piece, the room is surrounded by eye-level neon strip lighting. A red sofa studded with black polka dots gives a focus to the action, and there are grey walls and mirrors. The dialogue is taut, vengeful, impregnated with notions of tactical promiscuity, vengeful resistance and brutalist fantasy. I defy anyone to say that if Harold Pinter's name was on the playbill an audience would be disappointed. David (Malcolm Kaye) has a particularly fine central soliloquy about escaping an Essex marriage in the wake of an elusive vision on the East-bound railway service.

In *These Foolish Things* Will Knightley and Janine Duvitski sketch in a tentatively affectionate liaison with a nervous glance towards the neighbourhood both upstairs and outside. If Jonathan Gems's direction of the first piece allows for the invasion of privacy by the Moonlight Sonata on the turntable (jazz or light classical?). Michele Frankel's direction of the *second* implies a *world* beyond all that, when kids have grown up and even out of each other. The problem is that they have not replaced the old days with anything.

F.T. CROSSWORD PUZZLE No. 5,113



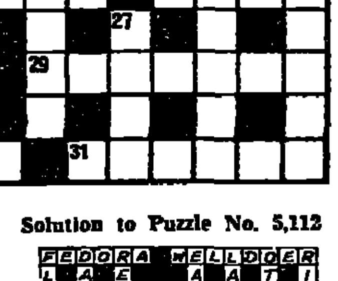
ACROSS

1 A record holder (6)
4 Taken by those who are sick and tired of work? (4-4)
10 Noise or disturbance can be wearing (7)
11 Vessel that makes way for others in cold weather (3-4)
12 Castle in the air? (4)
13 Service-chief? (4-6)
15 Fixed form of denial (6)
16 Feeling swell? Yes and no (7)
20 He does nothing to hurt industry (7)
21 He shoots out from hiding (6)
24 The case for the prosecution? (10)
26 It hinders progress when I'm breaking a record (4)
28 I join two hundred in a game that's played (7)
29 Highly vocal females cause trouble in a prison (7)
30 Dies, broken by a wager and disease (8)
31 Different points about very unusual beast (6)

DOWN

1 Cutting off a lady making a call (8)
2 Financial expert comes into trouble (9)
3 One in front gets conceited (4)
5 Sinner in action (4-4)
6 An afternoon trip from France? (3, 7)
7 Craft about to capsize (1-4)
8 Threaten to take money (6)
9 It has a small part in a big picture (5)
14 Boy going to school in Suffolk (10)
17 Entrance the prisoner is put out at (9)
18 Here most trouble may be forgotten by convalescents (4, 4)
19 Bursting into pure chaos (8)
22 Spread all over the place—that was rough (6)
23 A huge shipping order? (5)
25 Come out with me again and have a drink (5)
27 Alert secret agent captures ringleader (4)

Solution to Puzzle No. 5,112



FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Friday March 4 1983

A dangerous trade game

GIVEN that Britain ran a balance of payments surplus of £4.5bn last year, the concern of some ministers and backbench MPs over a "flood of imports" might seem a little paradoxical. But with the election looming and the unemployment figures looking forever dismal, the pressure on politicians to retreat into bilateralism on trade issues is now at peak level.

This is becoming increasingly apparent in the present dispute between Britain and Spain over access to the Spanish car market. The game of threatening retaliation as a last resort in pursuit of greater liberalisation of the Spanish market appears dangerously close to getting out of hand.

One reason for this is that there is an all-too-legitimate grievance against the Spaniards. The level of import duties on Community cars entering Spain is relatively high at 36.7 per cent, whereas the import tariff the other way is only 4.2 per cent. Even after allowing for the various taxes levied by the British and Spanish authorities, British exporters, of which BL is the most important, are at a significant disadvantage.

Transformed

These tariff barriers may have been *tolerable*, as a means of infant industry protection, when they were fixed between Spain and the European Community in 1970. But Spain's industrial position has since been transformed: the country is now a bigger exporter of cars than Britain. Under financial pressure BL was obliged to pull out of its major investment in Spain in the 1970s. So it now finds itself at a disadvantage against those car manufacturers such as *Ford and General Motors* which are using Spain as the base for large-scale exports.

For good measure Britain has also been running an overall trade deficit with Spain. So it is scarcely surprising that West Midlands Tory MPs and some ministers in Cabinet are on the warpath. So *far* the European Commission has pressed for concessions on Britain's behalf. And the Government has pressed bilaterally for significant changes on the Spanish side which would involve a graduated reduction in both tariffs and taxes over the period before Spanish accession to the Community. These moves have so far failed to produce much progress. Hence the growing frustration.

The generalised case against selective retaliation in these circumstances is that it breeds further retaliation and carries a high economic cost for all concerned. There are, moreover, *other powerful reasons for not* resorting to a bilateral solution in the specific case of Spain, which relate to the response of the Spanish car producers concerned. Ford, for example, is now increasing output of the Fiesta at Dagenham and expects its British subsidiary to reduce its dependence on Spanish sourcing this year.

Argument

Perhaps the overwhelming argument against allowing the threat to be translated into reality lies in the fact that Ministers would anyway be responding to the last *crisis but* one. Under a floating exchange rate system Britain has, since last November, seen a devaluation of comparable size to the *one over which the Wilson* Government agonised in 1967. So the competitive position of BL both in domestic and foreign markets has dramatically improved. That is of infinitely greater importance to BL's profit and loss account than anything that is likely to emerge even from a totally successful negotiation over the Spanish tariff.

The trouble with that, however, is that it does nothing to *satisfy* the need of politicians for a tangible gesture to offer to the voters. The impersonal workings of the foreign exchange markets are not something for which they can take ready credit. And they also take time to work through to the manufacturing sector.

The fact remains that a multilateral solution to the problem is more likely to benefit workers in the West Midlands than crude resort to voluntary restraint or any other kind of bilateral deal. It would be most unfortunate if the Government gave way to the political pressure applied by a special interest group just when the economic pressure is easing up.

Accountants take stock

THAT SUCCESS brings its own problems can clearly be seen from the experience of the largest and most highly regarded of the accountancy professional bodies, the Institute of Chartered Accountants in England and Wales.

Membership has soared in recent decades, rising from 19,400 in 1956 to nearly 75,000 today. In addition there are over 14,000 students, and more than three-quarters of these are university graduates—an indication of how strong the profession's pull is for many of the country's brightest and most ambitious youngsters. Something like one-in-eight of all male graduates in England and Wales now enter the accountancy profession.

Yet at the same time the English Institute has been *racked* more and more frequently by internal dissent. The *colourful row over current cost* accounting, in which the rank and file expressed their frustration over the policies of the leadership, was only the most public of *these disagreements*. More fundamental disputes over issues like publicity or training in industry simmer on. Meantime relations with the other, smaller, accountancy bodies are sometimes prickly, as illustrated by the current rather silly, but revealing, row with the Institute of Cost and Management Accountants over the latter's proposal to adopt the title "chartered."

Analysis

The growing size and complexity of the Institute caused its council some 15 months ago to commission a report on its governing machinery from Mr Robert Tricker, of Nuffield College, Oxford. This was published yesterday, with heavy emphasis that it is a personal view to form the basis for wide discussion, and in no way represents official policy. At least a year of debate lies ahead before the council will produce its own Green Paper.

The Tricker report is a stimulating analysis of the Institute itself, and of the governance of a wide variety of other proposals that the Institute should switch to a more divisionalised structure, involving a small number of specialised "conferences" in areas like public company audit or financial management, grouped beneath a strengthened central board including a powerful executive director of the Institute.

Mr Tricker emphasises, however, *that his analysis of the* various options is more important thatn the particular proposals which he sets out in his closing chapter.

Failure

Certainly there will be doubts expressed about his approach. *The institutionalisation of divisions* within the membership would carry the risk that the various conferences would be in public dispute on many important issues. It might then be only a small step to the break-up of the Institute.

The main failure of the report relates more to the original council brief than the report itself: in concentrating on the Institute rather than on the profession as a whole, it takes too *narrow* a view of the possibilities. In particular, it rejects too swiftly the idea of a smaller, more specialised Institute, the so-called "*Concentration Option*."

A non-accountant cannot be so impressed with the need to hold the Institute together at all costs. Under the Tricker *proposals the glue to keep the* various conferences together would be the label "chartered accountant' which in the UK carries a higher prestige, and a *greater commercial* value, than the other accountancy qualifications. Defectors would risk losing this symbol of quality.

But there is no comparably *broad professional group in* North America or Continental Europe. And it can be argued that the development of business schools and other forms of *management training institutions* has been harmfully inhibited in the UK by the pull of the not wholly appropriate ICA qualification.

It is now up to the members of the Institute to debate their future. The Tricker report has proposed a compromise between the existing structure of *unhappy unity, and the more* radical possibilities of federation or outright separation. On recent form, the debate will be a lively one.

Alain Cass, Asia Editor, talks to Mrs Gandhi at a time when her leadership of India is coming under renewed attack

'I am not at all powerful, I assure you'

Mrs Gandhi: "I am always misunderstood . . . I don't have an ivory tower but I've always been in a glass house"

Trevor Humphries

TALKING TO Indira Gandhi, ruler of the world's largest democracy, is a little like having a drawing-room chat with a middle-class Indian housewife. She almost wills the listener to believe in her ordinariness.

She can be charming, direct, obtuse, frosty but never pompous—and, for a woman who has been in power for 15 years, curiously diffident.

"I am not at all powerful. I can assure you. I wouldn't have *to work so hard if I were powerful*. I don't mean I'm a weak person," she adds, "or that I am weak in government. When you use the word 'power' you mean I can do *anything I want* . . ." The rest of the sentence fades away as it often does when she feels she has said enough.

Indira Gandhi is, far from ordinary. She has ruled over 720m people, manipulating *the* democratic process inherited from Britain to stamp her personality on this awesome country during four terms of office.

He father, Jawaharlal Nehru, was India's first Prime Minister and he rulde for 17 years. She has perpetuated the dynasty, forging a strategic alliance with the Soviet Union, reinforced India's non-alignment, built up its economic self-reliance only to start dismantling it and, in 1975, suspended democracy in effect declaring martial law. She is both adored and bitterly resented in a country where every issue becomes personalised.

Today, she is in trouble. It has been a bad month for her, her party and for India, and she is understandably on the *defensive. She looks* tired and drawn.

The massacre in the north-eastern state of Assam, in which over 1,000 people were *slaughtered, is* only the latest in a series of communal clashes which have underlined the fact that India is a backward country fragmented by race, religion, language and a feudal class structure

It followed closely on the devastating defeats in southern *India in two states long regarded* as impregnable bastions of Mrs Gandhi's ruling Congress (I) Party. Her charisma and her will to fight are being tested as never before.

The House of Nehru is under siege. India, to quote one of only two other prime ministers *to have briefly interrupted* its dynastic rule, has become a "vast whispering gallery" of character assassination and intrigue directed chiefly at Mrs Gandhi and her elder son, Rajiv, who is widely believed to be her chosen successor. Yet it is rare to find anyone who can suggest a workable alternative.

Her enemies claim that all this has happened precisely because she is both too power*ful personally and too* "weak in government." She should tackle the root problems. Restructure her party, her government and her policies. Instead she tinkers in order to keep potential rivals at bay and secure the succession for Rajiv who left his job as a pilot on Indian Airlines to take the place of Mrs Gandhi's younger son, Sanjay, after his death in an air crash in 1980, a devastating blow from which she may not *yet have recovered*.

It therefore has to be asked: Can Mrs Gandhi continue to govern effectively? The answer is central to the future of India because at 65, despite her *faith* in a smooth succession, she towers above her opponents as the only figure of national *stature* and Rajiv, *is a long* way from being ready to take over. It is also crucial, because the opposition's attempts to provide India with a viable alternative in the brief interregnum between 1977 and 1980 ended in chaos. And today even that opposition is in pieces.

Last week, as she coped with her problems and prepared for Non-Aligned summit which opens in Delhi on March 7, Mrs Gandhi talked for nearly two hours about these and other key issues in a rare interview at the prime ministerial residence.

Mrs Gandhi vehemently denies that she is bent on perpetuating the Nehru dynasty. But she does say that her family has a special place in Indian history. The constant theme throughout her political life has been a struggle to reconcile a tendency to be autocratic with a deep-seated attachment to democracy.

She is not, she insists, a kingmaker. "The biggest person in our country was Mahatma Gandhi," she says, "and even he didn't have that power. In the beginning there was a lot of talk that he had chosen my father and that he wasn't the right man for the job.

"I got quite agitated and went to see him. I said: 'You have no right to do this to my father. You should allow the Indian people to have whom they want.' *He said: 'My dear child, do you* think that I can do that? He is the choice of the people and I have chosen him because I think *the people want him*'."

Why then do people say she wanted Sanjay and now Rajiv, whom she has appointed a president of her party and is a member of Parliament, to succeed her?

"It is built up by the press and the opposition. Rajiv was extremely reluctant to come into politics. He didn't want to. Sanjay didn't want to. But a lot of people say we can only tell certain things to you or to a member of your family," she says by way of explanation. "But that has nothing to do with leadership. It is just a channel (to me) through somebody who has no personal axe to grind."

But when Sanjay, more powerful and certainly more ruthless than his brother, was killed, *she instantly turned to* Rajiv.

"There is no question of turning. I hadn't turned to Sanjay. He was doing his own work. Even now, I don't know what Rajiv is doing unless he comes and tells me."

Would she like Rajiv to become Prime Minister of India?

"No. Very definitely not. I didn't want to see Sanjay and I don't want to see him. It is just too hard a life the way we take it and I know they are in the same mould. I am not doing it out of choice, believe me. If I could have got out of it, I would never be here." She *wanted to be a teacher, and* often sees her job in that way.

Mrs Gandhi was conditioned by a harsh and lonely childhood *to trust no-one, which may* explain why her answers sometimes sound contradictory, even improbable.

She adds: "I am misunderstood, not often, but always." And to those who say the then retreats stubbornly refusing to take advice, she replies: "I *don't have an ivory tower*. I wish I had but I was born almost publicly and I've never been able to be anywhere but in a glass house." She is not, *she* insists, authoritarian. Told that people around her are frightened of her, she snaps: "That is very silly of them."

The glass house at No 1, Safdarjang Road was cracked last year when Maneka Gandhi, Sanjay's attractive and intensely ambitious widow, was shown the door by Mrs Gandhi in a classic replay of the mother-in-law versus daughter-in-law feuds which so often provide subjects for India's *prolific* film industry. Overnight, a family squabble, in, in which Maneka took Mrs Gandhi's adored grandson, Varun, with her became a national spectacle and a political event.

Maneka is expected to form a political party soon and to pit her undoubted charisma against Rajiv in a by-election. If she were to win, that could prove disastrous for both mother and son.

Mrs Gandhi, is laconic, merely saying that, so far, Maneka has offered "no programmes, no policies. She adds *that she would not be "hurt"* if Maneka stood against and beat her brother-in-law. "It all depends on what she has to offer public life."

More serious is the visible collapse of the Congress *(I)* party which, she readily concedes, has become "flabby," *fragmented and has failed to* move with the times. She also admits that many in the party are corrupt. She pledges ruthlessness in weeding them out and says the party needs a thorough shake-up." They have to face the problems of today," but adds, "no party has changed. All parties are living *in another age*."

Regionalism and extremism, she concedes, are on the rise partly because the cohesive force of the freedom struggle is no longer there and partly because of the democratic process itself and the plethora of parties."

She said nothing for three weeks after the defeats in Andkra Pradesh and Karnataka and says philosophically: "You can't keep on winning." Nevertheless, the changes she has made since then have not been *as far-reaching* as she claims and the next general election must be held within two years.

What happens if she falls under a bus meanwhile? "I won't fall under a bus," she *smiles*, "*but I could be bumped* off." And Rajiv is the obvious successor? "There is no obvious successor," she replies, "that's just the point. If there were, the rest of the party would be trying to bring him down."

Would she declare another emergency? "No. It wouldn't work—you can't give the same medicine twice." Neither, she says, would she change the constitution to introduce a presidential system of government, something which she is believed to have considered but appears to have rejected or, at least, temporarily shelved.

A remarkable fact about India is that it is one of the few ex-British colonies where the army has not intervened. Could there be a coup? "It would be very difficult for the military to cope without the co-operation of the population. Fortunately, the *forces* are very loyal and this is the only country where almost the entire population was involved in the freedom struggle. That makes a *big difference*."

Since her return to power in 1980, Mrs Gandhi, who won her spurs in the old Congress both as a socialist and a stout defender of India self-reliance, has started an important process of change. She has begun to dismantle many of the controls on India's private sector economy in an effort to get production moving. She negotiated the biggest-ever loan with the International Monetary Fund and has *tried to mend her fences* with the U.S. while carefully distancing herself from the Soviet Union (which last year nevertheless became India's biggest trading partner) largely because of the invasion of Afghanistan.

She sees the world today as "in a much bigger crisis" *than* when her father ruled, the problems "more complex and numerous," requiring greater flexibility. She believes the Indian economy is stronger and can, therefore, take greater competition. She would even consider opening up "core sectors," such as steel and textiles, to foreign technology. "Our stand has never been rigid," she says. *However, she* adds that while she can't at the moment foresee a situation *where controls* would be clamped on again, both on imports and the domestic economy, "it would depend on circumstances and conditions."

She volunteers that her visit to the U.S. last year was a public relations exercise which has made no difference to *government to government* relations. The ideological gap remains huge. "They see things in black and white, either you're with them 100 per cent or against them," she added.

She says, she is "full of regrets about her life. Everything could have been done *better, had* I been pressing harder." Mrs Gandhi may be proud, occasionally arrogant, but she is also, one suspects, deeply insecure.

She takes credit for some of the huge strides which the Indian economy has made (even though 300m Indians still live in object poverty) and for the survival of democracy. Her critics scoff but, against all advice, she *did* go to the polls in 1977 and lose.

"I have a special relationship with the Indian people," she says. "Mahatma Gandhi was loved as somebody above. My father with a sense of awe. I receive love as an equal. I felt it when I was out of power, when the whole publicity was saying 'she is finished and she *is never going to rise again*'."

Men & Matters

High flyer

Saudi Arabia's rulers have 15, Coca-Cola has four, American *Express, three. And the Aga* Khan has one.

Gulfstream executive jets really have taken off since Allen Paulson bought the business from Grumman in 1978 for $32m in cash and $20m in stock.

Despite the recession, sales have continued to rise; doubling to $442m in 1981, and up again to $582m last year. Some 600 of the planes are now *in* service.

Paulson was in London from *Savannah, Georgia, yesterday to* sign the contract for 200 Rolls-Royce Tay engines — at around £1m apiece, a substantial boost for the company — which will power the *intercontinental* Gulfstream IV due for delivery in 1986.

Iowa-born Paulson only becomes loquacious on the subject of airplanes and flying.

He has flown a variety of experimental aircraft; and takes to the air as often as possible in his company's jet or his own "*heelicopter*." *His* only other relaxation is tennis

He reels off details of the Gulfstream's technology and design — the result of a $50m development programme which, he says, has left his competitors far behind.

In the last 10 days, he has secured orders for 16 of the *new aircraft at $13.4m each*. And he is confident that his long-standing customers among the Fortune 500 companies and in the Middle East and Africa *will come back for more*.

Paulson, last year's recipient of the Doolittle trophy for "exceptional technical, engineering and management accom*plishments* in the aerospace industry." served in the U.S. Army Air Corps towards the end of the war. Afterwards he worked as a flight engineer for TWA.

But not for long . . . He bought surplus military engines, dismantled them, and rapidly became one of the major parts suppliers to U.S. airlines.

In 1951, Paulson moved into the aircraft conversion business, building up a $35m turnover, before eventually acquiring Gulfstream, and in 1981, the Commander jetprop business from Rockwell Inter*national*.

His Gulfstream Aerospace plans its first public share issue later this month—a move that should yield Paulson around $60m and still leave him holding three-quarters of the company stock.

Inside view

Not even HM prisons are safe, it seems, from the fads that sweep the population outside the walls.

According to a report on Nottingham prison, published yesterday, inmates are shunning the evening classes there to watch video programmes.

"The educational department provided a good day-time remedial programme but even*ing classes were losing* popularity in favour of the video recorder in the recreational association area," says the Chief Inspector of Prisons.

"A *reduction in the number* of evening classes seems inevitable with some impoverishment of the regime resulting."

Attendance at keep fit sessions had also been affected but absentees were now returning. The novelty must be wearing off, the report suggests. *. . . But it could be they have* been watching escapist films.

Australia quiet

Australia goes to the polls tomorrow and for three days before the vote the electorate is having to endure a total ban on *electronic media coverage*. All election news is banned from the airways. The idea is to protect the electorate (seen by the leaders of all parties as volatile material) from being stampeded by *false and fictitious claims* in the last few hours.

"They voted for a secret ballot, but we all know how unreliable a show of hands can be."

The airways are now at peace —except for traditional Aussie fare such as Sale of the Century, MASH, Michael Parkinson, The Love Boat, and Charlie's Angels.

To ward off withdrawal symptoms the Sydney Morning Herald has compiled the following imaginary talk-back conversation. Between Sydney radio chat show host John Singleton and an imaginary listener, it captures the flavour of an Australian election:—

Singleton: "Ah, Hello."

Caller: "Ah, Gidday."

Singleton: "Gidday. How are you?"

Caller: "Orright mate. Yerself?"

Singleton: "Oh. She's not too bad. Whaddayawanna say?"

Caller: "Ay?"

Singleton: "Y'know. 'Bout Hawke annall. Theelection."

Caller: "Oh. She's a beauty mate. Spot on."

Singleton: "Spot on. Yer reckon. Whoya rootin' for?"

Caller: "Bob, mate. He's the go. Bendy. Always said so. Spot on."

Meanwhile, insults are being exchanged with growing abandon in the real campaign.

Andrew Peacock — "the Sunlamp Kid" of Australian politics, and the outgoing Liberal government's Minister for Industry and Commerce—has accused the Labor party of being "economically illiterate and patently dishonest."

Labor's economic spokesman Paul Keating reports that Peacock is "disgracefully, grossly irresponsible, negligent of the national interest . . . and wrong."

Prime Minister Malcolm Fraser suggests that voters' savings will be better under the bed than in a bank if Labor wins office.

Don Chipp, leader of the minority Australian Democrats is devoting himself *to* out-insulting his bigger rivals. His party is needed, he says "To keep the bastards honest."

Commons touch

Norman St John Stevas appears to be unbowed by the difficulties he is facing finding a safe Parliamentary seat after the forthcoming boundary changes.

Waxing enthusiastic about the importance of the Commons yesterday during the committee stage of his private member's Bill on parliamentary control of expenditure, he said, "When people get into the Cabinet, they believe they are some kind of superior breed. I do not wish to give Cabinet secrets away."

At this fascinating assertion a Labour member shouted "Go on, Norman."

The member for Chelmsford obliged—"Very well. I once said to my Cabinet colleagues, 'What are we but a lot of jumped-up MPs?' That did not find universal favour."

And that perhaps explains why St Joh Stevas is on the back benches again.

Observer

POLITICS TODAY

The need for electoral reform

By Malcolm Rutherford

WITH HINDSIGHT the most remarkable fact about the by-election in Bermondsey last week, apart from the result, was that hardly anyone talked about policies. Certainly not in the post-election analyses, but not very much in the campaign either. It was all about personalities and numbers: tactical voting.

The Liberal candidate won not because there is a sudden resurgence of belief in Liberalism, or even in the Alliance, but largely because it was the only way of keeping out Mr Peter Tatchell.

This kind of electoral behaviour will be of profound significance for the future of British politics, if repeated at a national level. For instance, though this is emphatically not a prediction, it is perfectly possible that the result of the by-election in Darlington on March 24 will be as follows: Alliance first, Labour second and the Tories barely saving their deposit.

Tory voters looking for somewhere else to go

How could such a result come about in a constituency where the Tories were in spitting distance of winning at the last general election and the Liberals polled little more than 10 per cent of the vote?

The answer is three-fold. The Alliance is on a high, especially after Bermondsey, and is a vehicle for the protest vote *just as the Liberals alone* have tended to be in by-elections for many years. There still appears to be a core Labour vote which could enable the party to win an election with not much more than 33 per cent of the total. And since it seems unlikely that there will be a pro-Government swing in Darlington, some Tory voters may be looking for somewhere else to go. It is possible that some of them may vote for the Alliance in order to keep Labour out.

To take a minor point first: if such a result were to occur, what would it do to Mr Michael Foot, the Labour Party leader? It is sometimes said that Mr Foot will have to resign if Darlington is lost. But politics is rarely as simple as that. It is much more probable that Darlington will open up a whole *new* range of possibilities, as yet generally unthought of.

My own impression, in any case, is that he is very much disposed to stay. He is also in rather good form. You may disagree with what he says, but he is saying it with remarkable lucidity and courtesy, as his performance on ITV last weekend demonstrated.

The Labour Party machine has got itself into a tangle over the publication of its general election platform, which at present it proposes to release on the day of the Darlington by-election, thus losing all publicity value. But if Mr Foot is as efficient *as one* sometimes suspects, no doubt that can be sorted out.

The more important point, however, is about the development of a three-party system, which is now clearly what we have. The stock example is that of Labour winning a general election with (say) around 35 per cent of the national vote because there is still a large number of seats which it is unlikely to lose almost whatever happens. Many of them are in Scotland and the north of England. That would be a regional distortion on top of the distortion of disproportional representation imposed by Labour winning an overall majority in the House of Commons with such a limited share of the vote.

Other distortions are possible. For instance, there might be a strong anti-Tory vote (say 60 *per cent) at the general election*, but the Tories could still get home because the opposition was equally split between Labour and the Alliance.

Again, if the opinion polls suggested that the Alliance had a chance of victory, there might be a landslide as people rushed to back a winner and to protest against the established parties. There could be a new Parliament where the Alliance had 500 seats.

Don't laugh. That distortion is almost as possible as the others. It would be not only Bermondsey writ large at a general election. It would be also an extension of a trend that *has been noticeable over time. That is the decline in the aggre*gate vote of the two main parties.

In the general election of 1951 the Tory and Labour Parties between them won 96.8 per cent of the vote. By the two general elections of 1974 their joint share had fallen to 75 per cent.

*It is true that in 1979 it in*creased to 80.8 per cent, but that was largely because of a swing to the Tories which, so far, can be only regarded as exceptional. The pattern is one of growing support for a third party, usually the Liberals, though in Scotland and Wales it was sometimes the nationalists. The Liberals are now supplemented by the SDP. At the same time, there is no reason to believe that disaffection from the two major parties is not continuing.

The evidence that some sort of fundamental change is taking place becomes even more convincing if you take into account the number of people who don't vote in by-elections, but who might vote in general elections. The turn-out in Bermondsey was quite high, probably because a lot of the electorate suddenly realised that their votes might make a difference.

Yet the principal characterstic of most recent by-elections has been the number of people who have chosen to stay at home. We simply do not know where their votes will go in a general election, whatever the national opinion polls may tell us today.

This uncertainly or volatility (call it what you will) has been noticed in Westminster to the point where there is widespread talk of a hung Parliament. Mr Foot, for example, has begun to think about the possibility of a Lib-Lab coalition.

That thought is interesting in itself, though it may be a reversion to the past. After all, there was a kind of *de facto* Lib-Lab coalition during the last Government, and if you go back to before the war the two parties worked together many times.

It also puts a new gloss on the argument about who should *be leader, or Prime Minister*-designate, of the Alliance, Mr Roy Jenkins of the SDP or Mr David Steel of the Liberals. Mr Foot thinks that it would be impossible for Labour to work with Social Democrats because they are, in his eyes, a lot of renegades. But he could work with Mr Steel, as he has done before.

Besides, the distribution of seats to be fought by the Liberals and the SDP looks as if it is weighted in favour of the Liberals. And the Liberals *campaign so much better than* the SDP. All those are reasons for Mr Steel not quickly to award the leadership of the Alliance to Mr Jenkins.

Still, the chances of a hung Parliament are no more or less likely than any of the other possibilities outlined above: a Labour or Tory victory on a minority vote, and so on.

Two points come to mind. One is that the process of political realignment in Britain is not yet complete. The other is that there begins to be a *very strong case for some form* of proportional representation. The question is which comes first.

It is an extraordinary situation when you have politicians from all the main parties whose views on most issues are broadly the same and who, certainly in the case of the Tory and Labour Parties, have more in common with each other than with many of their own backbenchers. Mr Denis Healey, Mr James Prior, Dr David Owen and Mr Steel are only among the most prominent examples. All of them could fit more harmoniously into the same Cabinet than either Mrs Thatcher's present team or its Labour predecessors.

Yet at the same time the electoral system could produce an extreme result, in favour of one party or another.

We shall know more about how one form of proportional representation works when we hear the West German election results on Sunday evening. The German system is not ideal, possibly in my view even malign.

One of its principal features is that any party which wins 5 per cent of the vote automatically enters Parliament. In the federal election of 1969 it was sometimes said that the difference between a good and a bad Germany was a tiny frac*tion of a percentage point* because it depended on whether the National Democratic Party entered the Bundestag. In the event, it won only 4.3 per cent and declined thereafter.

A not wholly dissimilar phenomenon is going on now with the Greens, whose attainment of 5 per cent of the vote would be much disliked certainly by the present American Administration, and by many others besides. It would be seen as introducing a new instability.

Under the same system, however, the achievement of 5 per cent or more of the votes by the Liberal Free Democrats has been taken as a stabilising factor. As a coalition partner, the FDP has had a controlling influence on practically every West German Government. The only major exception was the Grand Coalition of the two major parties in the late 1960s, one of whose objectives was to introduce a British electoral system of first past the post. It didn't come off and the Liberals resumed their former influence in coalition with the Social rather than the Christian Democrats.

Some variant on the single transferable vote

I think that the German system, however arithmetically fair, is politically disproportionate, though it might be different if you raised the 5 per cent *hurdle for entry to Parliament* to 10 per cent.

By the same token, I think that Britain too should be reaching for electoral reform. It is most unlikely to happen in the present Parliament or to appear in the manifestos of the two major parties. But it ought to come back on to the political agenda.

The most appropriate system would be some variant on the single transferable vote whereby the voter could record a second preference, rather than *using the first and only vote* either on the basis of past loyalty or on what the opinion polls predict. At present we have a lottery, and policies go by the board.

Lombard

Why Healey is not a Hawke

By Margaret van Hattem

AS AUSTRALIA goes to the polls this weekend, Labour MPs at Westminster will be looking on with mixed feelings. Naturally they would all like Bob Hawke to sweep the Australian Labor Party back to power after seven years in the wilderness, as all the polls say he will do. But just as victory in Bermondsey has unsettled the SDP/Liberal Alliance, so the spectacle of a Labor victory in Australia could have a most unsettling effect on the comrades at Westminster who have not entirely given up hope over Britain's next general election.

The parallels are too striking at first glance to be ignored: in the run-up to a general election, a highly intelligent Labor Party leader with all the Christian virtues save charisma, makes himself the willing victim of a bloodless coup which ensconces in his place a macho toughie whose reputation for demolishing alcohol and women is exceeded only by his *reputation for demolishing* those who stand in his way . . who sweeps the country.

Except, of course, that Michael Foot is a much more political animal than Bill Hayden, the deposed Australian Labor leader. Except that the Australian Labor Party is a much smaller, more homogeneous body than its British counterpart with far less Left/Right tension—most of the power resides with the professional politicians and the grass roots have scarcely a look-in and there is nothing remotely equivalent to the annual British party conference. Except, above all, that Britain does not have a Bob Hawke.

Denis Healey is in almost no respects a parallel. He has been known to use the odd four-letter word—judiciously, sparingly, for maximum effect. Bob Hawke makes Denis Healey sound like Professor Henry Higgins.

Denis Healey walks with kings: some of the most power*ful people in the world drop* his name and when he drops theirs, he leaves the impression that he is dispensing largesse. But on the shop floor he is still Mr 5 per cent and always will be. Until three weeks ago, Bob *Hawke was hardly known out*side Australia and there he is often criticised for having sold out and moved to the right. But at the end of the day he is still, to hundreds and thousands of union members, the trade union lawyer who fought for them and got them a better wage settlement than they dared hope for.

Denis Healey was a senior member of the Callaghan Government. He brought in the IMF and accepted their terms. The odour of compromise hangs heavy upon him. Bob Hawke has been in Parliament barely three years and has never had to accept ultimate responsibility for anything. Forget about those all-too-public sins of the flesh (which in any case seem to have boosted his popularity, after the manner of Palmerston). Politically, Bob Hawke is Mr Clean.

For many years, and more particularly since he entered Parliament, there has been an inevitability about Bob Hawke's rise to the leadership and a finality about his achieving it. That cannot be said of Denis Healey, for all that in the present shadow cabinet he looks like a colossus. A large and not unimportant section of the Labour Party has spent the past few years fighting all out specifically to prevent the possibility of the sort of palace coup that installed Bob Hawke in Australia and would install Denis Healey here. If their electoral college and their complicated procedures prove inadequate to the task, they will take it very hard indeed.

Denis Healey may yet become Labour leader and take the party to victory at the next general election. But any Labour MPs and trade union leaders working towards this end should not look too closely to Australia for encouragement.

They might, however, find comfort in two other thoughts: if Australia's Thatcherite Prime Minister Mr Malcolm Fraser is toppled, it will send chills up Tory spines. And if, despite his total lack of ministerial experience, Bob Hawke turns out to be a good Prime Minister, members of the Liberal/SDP Alliance pondering their own leadership dilemma might draw interesting conclusions.

Letters to the Editor

The SDP-Liberal Alliance Budget proposals

From Mr J. Horam, MP

Sir,—Your leader of March 1 accuses the SDP/Liberal Alliance of sharp practice in seriously understating the cost of its Budget proposals. In particular you claim that our proposal to cut VAT to 12½ per cent from October 1 is deliberate sleight of hand to cut down the resulting public sector borrowing requirement increase in 1983/84 and hide the much larger increases to which such measures would lead in a full year.

In fact our tax cuts were timed for the autumn because of the need to knock on the head the dangerous acceleration in the inflationary spiral which is likely to be taking place at that time. It is not true that our cost calculations are "wishful": they are in line with Treasury figures. And it is also not true that our programme would lead to vast increases in the PSBR in 1984/85. The Treasury computer has calculated that our proposals would add an extra £2bn to the PSBR in the second year, but this must itself be added to the lower base for that year which present spending plans imply. The £11bn PSBR we have proposed for this coming year need not be exceeded in the following year if our strategy is followed.

I am glad to see that you endorse our underlying strategy — to concentrate on measures having the greatest impact on employment, costs and prices—and if you re-examine the figuring with a little more care before dismissing a carefully-costed exercise so precipitately, you will see that it is in fact well based, and that it is indeed possible to make a real impact on unemployment without abandoning responsible finance.

J. R. Horam.
SDP,
4, Cowley Street, SW1.

Technical confusion on cable TV

From the Managing Director Cabletime (Systems)

Sir, — With regard to Mr *Goodall's letter (February 22)* referring to John Chittock's recent feature on cable TV, I feel it is important to correct certain points.

He states that in a star switched system the cost of switching centres each serving several homes is huge and that this more than compensates for the high cost of home equipment in the tree and branch alternative. Research shows that the overall equipment cost is in fact slightly lower in a star switched system, but the major benefit is the substantial reduction in maintenance costs, primarily as a result of obviating home access for repair work. Additionally, star switched offers superior facilities to tree and branch so that one cannot compare like with like.

In a star switched system, only the trunk cabling would need to be expanded if more channels were offered than could be served by existing trunk, since the switching nodes would simply continue to present the required sub set of those channels on offer to the user via the existing local distribution cable. Most operators will take the opportunity of initial installation to lay two trunks side by side to ensure adequate channel capacity for the future — and this approach would prove expensive with tree and branch!

John Chittock's article raised some important issues about the widespread technical confusion on cable TV with which I certainly agree, but I would take issue with his statement that all cable TV systems available in the UK are tree and branch. All systems apart from the few already in the ground are at prototype/demonstration stage and are therefore not actually available, and our own is in fact star switched. So Rediffusion is not alone in the star switch field.

David Mann
Cabletime (Systems)
Kenley House, Kenley Lane
Kenley, Surrey

The interbank market

From Mr A. Sheen

Sir,—The interbank market's importance as a mechanism for the transfer of short-term funds has been clearly demonstrated in recent months. Nevertheless, the increasing use of interbank lines by some debtor countries has heightened the market's vulnerability, at a time when the strains imposed by the international debt crisis are beginning to have a significant impact. The treatment of interbank lines during recent rescheduling exercises has further accentuated the markets susceptibility to changes in the level of activity.

Alan Friedman (March 1) suggests the market continues to function reasonably smoothly, according to figures issued by the Bank for International Settlements (BIS) in January. Unfortunately, the figures released at this time cover international banking developments in the third quarter of 1982 and provide little of value in determining the current situation. The BIS is, it seems, aware that the contribution of these statistics is considerably reduced by the delay in their publication, and the third quarter 1982 figures were issued a month earlier than the figures for the same period in 1981. The revival in interbank business evident in the figures is attributed, by the BIS, to seasonal factors.

The problems now being experienced in some sectors of the interbank market imply the market is no longer smoothly fulfilling its transfer function, a view apparently endorsed by central bank anxiety to ensure a continued commitment to the market among participants. The market, whatever the subsequent assessment of its apparent size, now shows signs of a move to "perceived" quality capable of modifying considerably its dimensions and scope.

A. J. Sheen.
10, Old Jewry, EC2.

The price of energy

From Mr L. Cockcroft

Sir,—Reductions in inflation, costs and wages increases are rightly prime Governmental targets. This contrasts strangely with decisions as to gas costs. *Here* therm prices have more than doubled since May 1979. Standing charges are multiplied by a *factor* of six or more. Monopoly impositions at such levels are impossible to reconcile with fights against inflation. While there has been a stated need to attain "comparability" with other energy costs and to conserve supplies, there is now on the other hand endless reference to surplusses in oil, coal, electric supply and the like.

When will all responsible decide that enough is enough? Will consumers — domestic or industrial—again be compelled to meet further price increases almost quarter by quarter in the way which has now operated these past years? And when will the alleged price benefits of natural gas supplies be made available, at least in part, to users?

Lionel F. Cockcroft.
Oakhill,
Todmorden,
Lancs.

Mortgage interest tax relief

From Mr M. Sellars

Sir,—It seems to me that as far as you are concerned tax relief on mortgage interest is a somewhat emotive issue. This could account for the inaccuracy of some of your arguments (February 16), coupled with unconvincing statements that all senior economists agree that to continue or increase tax relief on mortgage interest is undesirable! I would have thought that if all senior economists agree on an issue, then they are most likely to be mistaken.

Furthermore, you complain that it is unfair that one section of the community should have its housing "subsidised" whereas others do not. It is to encourage people to provide for themselves, and not look to the state or others to provide for them, that governments have encouraged people to buy their own property.

It might indeed be unfair if people renting accommodation either in the private sector or the public were bound to stay in this category for life but this is not the case. People may rent for some years and then, with or without government encouragement buy a house of their own. It seems to me wrong to say there is no element of subsidy applied to rented accommodation. Have you not heard of controlled rents or rent relief?

You further go on to suggest that the United States government should amend its tax policy to come in line with your views. (Is this perhaps a little ambitious?) Perhaps they may, but you should also be in contact with the West German, Netherlands and French governments, whose position on tax relief on interest paid is nearer the American model. You also claim that it is wrong for Howe to cynically buy votes. The fact is he already bought the votes before the last election by indicating that taxation in general would be reduced and that more help would be available to house-owners. Admittedly in today's world it sets a new low for political behaviour for a Party not only to gain votes by promises, but to hold on to them by redeeming them in *some small way.*

M. J. Sellars.
Little Tumblers,
Stokesheath Road,
Oxshott, Surrey.

FURTHER LETTERS
Page 14

FINANCIAL TIMES
Friday March 4 1983

GERMAN SHIPPING GROUP CALLS FOR DM 120M

Banks to aid Hapag-Lloyd

BY STEWART FLEMING IN FRANKFURT

THREE OF West Germany's most powerful financial institutions, Deutsche Bank, Dresdner Bank and Allianz Insurance, have acted to pump DM 120m ($49.3m) into Hapag-Lloyd, the financially ailing shipping and travel group.

In a move that will shock public shareholders, but which seems to have been anticipated by the stock market, the company disclosed shortly after its supervisory board meeting yesterday that it proposed to write down its capital by DM 60m to DM 120m. It will also invite shareholders to subscribe DM 120m of new equity at DM 200 a share.

The announcement came seven minutes after the company's shares, which have risen 20 per cent from DM 41 to DM 49 this week, were suspended on the stock markets.

Hapag-Lloyd, the pride of the West German shipping industry, *has been in financial and trading* difficulties for two years after the slump in world shipping markets and an ill advised diversification programme, begun early in the 1970s. It last paid a dividend in 1979.

Late last year, amid rumours that the company would have to restructure its capital, Hapag-Lloyd denied that it was planning such a move. The company conceded that it would have to declare a loss for 1982 and that it was facing losses and restructuring costs of some DM 300m in coming years. But it indicated that sales of assets, including the sale and leaseback of its headquarters in Hamburg which might bring in as much as DM 110m, would, along with other assets sales, boost its resources substantially.

The company offered no detailed explanation of the change in its *plans. It said the capital cut and the* call for DM 200m from shareholders were being made as a precaution for the future.

Hapag-Lloyd, which has a workforce of more than 11,000 and annual sales revenues of some DM 4.4bn, is the leading West German shipping line, has interests in freight forwarding, and operates a commercial airline and a shiprepair yard.

Three main shareholders, Deutsche Bank, Dresdner Bank and a company controlled by the Allianz insurance group, each have 25 per cent of the equity capital.

Although the offer to subscribe new shares will be open also to non-institutional private shareholders, with the shares at DM 49 and a subscription price of DM 200, it will be the three main shareholders who will rally round to support the company.

The outlook for the company's business has looked bleaker and bleaker in recent months. The downturn in world trade has depressed shipbuilding and freight rates, while the world-wide recession has darkened the prospects for the company selling ships and aircraft at acceptable prices. Last month it announced that it had failed to sell its freight forwarding subsidiary, Pracht, and disclosed plans to cut by 10 per cent the workforce of 1,284 at its shiprepair yard.

The DM 60m capital write-down *is aimed at reducing the impact of* its losses on the assets side of the balance sheet. Under German law, a company that loses more than half its equity capital must immediately call an extraordinary general meeting. The additional funds will be aimed at securing the company's finances.

Spain clears 4 foreign banks

By David White in Madrid

THE SPANISH Government has cleared the way for four foreign banks to go ahead with setting up branches in Spain, according to well informed banking sources.

The banks, which yesterday were still awaiting official notification of the Government's "green light," are the first to be approved since the Socialist Party took power last December.

They include the state-owned French bank, Crédit Commercial de France, whose application had been pending for more than two years.

The treatment of CCF reflected tension between Madrid and Paris, over the question of Spanish EEC entry and over co-operaton in combating Basque terrorism. The fact that the application has now been accepted can therefore be seen as a further gesture by the Gonzáles Government towards improving links with France.

The other banks are First Interstate of the U.S., Sumitomo of Japan and Banca Commerciale Italiana.

Wells Fargo of the U.S. had also had a long standing application, but withdrew it last month when the banks were told they would have to *place a minimum capital of Pta* 1.5bn ($11.5m) each, twice the previous amount.

This is, however, less than the Pta 2bn required of future applicants wanting to set up a subsidiary or branch.

The arrival of the four banks brings the number of foreign banks with branches in Spain to 36.

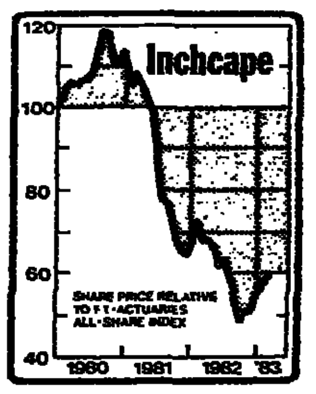
THE LEX COLUMN

The D-Mark takes the strain

The Commerzbank index of the 60 largest West German company shares made a 6.7 point gain yesterday to reach its highest level at 818.4, since the autumn of 1978. At the same time, the Bundesbank was again selling marks to buy dollars. In their separate ways, each incident reflects the impact of the forthcoming weekend elections on the markets: both equity investors and the foreign exchanges are showing confidence in Germany's economic performance assuming a Christian Democrat victory under Chancellor Kohl – while the Bundesbank is having to damp down enthusiasm in the currency markets to take pressure off its partners in the European Monetary System.

Each weekend brings a fresh surge of doubt over the present alignments within the EMS. Holders of Belgian and French francs, in particular, switch out like clockwork every Friday in the attempt to second-guess another of the authorities' surprise Sunday realignments. But the Bundesbank is also having to cope with further pressure as the dollar has weakened since October. With the D-Mark returning steadily to favour, despite lower real interest rates in West Germany than in the U.S. one way of defending the weaker European currencies has been to try and maintain the D-Mark-Dollar rate more or less where it is.

With the West German elections and the two rounds of the French municipals out of the way by mid March, the time may be ripe for an EMS reshuffle. *A socialist victory* or a hung Parliament in Bonn would almost certainly hit the DM and make a revaluation that much less urgent. But the markets are now discounting the return of Chancellor Kohl, followed by another strong West German current account surplus and a growing U.S. deficit as the economy expands.



Stores of value

The London equity market seems to have learned to live with uncertainty about Opec. With fears of a coal miners' strike receding, the All-Share rose 1 per cent to within a whisker of its all-time high.

Among the leaders in the rally has been the UK stores sector, which has been dull since its strong showing in the autumn. The buoyancy of the sector has not been based on the established market leaders, such as Marks and Spencer, or the high fliers, such as Habitat Mothercare, but the ugly ducklings like *Woolworth* – up 30p to 257p so far this week – and Debenhams. Something fairly fundamental must have changed in investors' attitudes for Woolworth to have replaced Polly Peck as the market's wonder stock.

It looks as if the explanation centres on all the wheeling and dealing over property in the UDS bid battle. Yesterday's merger clearance by the Trade Secretary made it virtually certain that UDS would be taken over by someone – with Hanson Trust now the firm favourite – and the main parameter in pricing the *offer has been the value of the property* portfolio. Following the Woolworth takeover, this has had investors scuttling to other poorly-performing retailers which might be vulnerable to a takeover. Past ratings based on price-earnings ratios and yields have been thrown overboard in favours of pushing share prices back up towards 50 per cent or so of estimated net asset values.

In less excitable markets, these arguments may prove a vulnerable prop. Property assets can be difficult to realise, and the UDS £20m property deal on Tuesday demonstrated that disposals can usually only be made at a sizeable discount. There seems little reason for a new predator to fall on Woolworth, so soon after it was bought by an institutional consortium, and the profits outlook is hardly exciting. Meanwhile, Debenham's assets – department stores – could prove particularly difficult to sell, as Raybeck's experience with Bournes has shown.

Charter Consolidated

Charter's offer document for Anderson Strathclyde concentrates on Anderson's difficult profits outlook. The defence, due in a fortnight, may well try to take the battle into the aggressor's camp.

Charter shareholders will have no say in the course of the battle unless the company is forced to raise its terms, which could result in the offer becoming liable to scrutiny as a Class One transaction. Their comments may be salutary. Valued in the market at £242m, the bidder's shares are trading at a discount of 46 per cent to historic net assets if investments are included at directors' or market valuation. The 28 per cent holding in Johnson Matthey alone is worth £115m. Given the new aggressive mood among the institutions, they might perhaps *begin to ponder the attractions of a break up. But then, Charter is not* an institutional stock.

Inchcape

The terms of Inchcape Berhad's disposal of a 40 per cent share in its principal Malaysian businesses do not suggest a seller's market for foreign companies invited to consider the participation of local Malaysian investors, any more than did the group's sale of its Toyota distributorship last year. But a sale price equivalent to just over £9m implies an exit p/e multiple of about 13, on a fully taxed basis, and that looks little different from the valuations being mooted in late 1981 when the sale was first discussed in public.

More pertinent than the cash proceeds, though, are the intangible benefits which should accrue to the Singapore company and its 63.3 per cent Inchcape parent. In two years, Inchcape Berhad has lifted from 30 to nearly 100 per cent the portion of its Malaysian profits derived from businesses which have complied with local Bumiputra aspirations. This ought to remove the uncertainty hanging over the potential development of its Malaysian interests, notably in the property sector.

Inchcape's South East Asia operating results remain severely depressed and pre-tax profits for Inchcape Berhad may register a hiccough if its consolidated 60 per cent in the new Malaysian holding company eventually gives way to a 40 per cent minority stake, as seems intended. But this would be swallowed easily enough by the kind of general overseas recovery anticipated by the group's shares so far this year.

Opec price wrangle delays BNOC cut

BY RAY DAFTER, ENERGY EDITOR, IN LONDON

BRITISH National Oil Corporation (BNOC) is to await the outcome of Organisation of Petroleum Exporting Countries (Opec) ministerial discussions in the next few days on oil prices before making another approach to North Sea suppliers and customers to reach its customary agreement on pricing.

A few oil companies have agreed to the corporation's recommendation last month that North Sea prices should be cut by $3 a barrel to $30.50, backdated to February 1. But most companies with which BNOC trades – 50 suppliers and 30 customers – have refused to ratify a new price.

They are continuing to trade at $33.50 on the understanding that new price levels will eventually be settled and backdated to February 1.

When this happens companies will settle their outstanding accounts in what is destined to be one of the most delayed and complex pricing operations experienced by the North Sea industry. Normally BNOC completes its pricing negotiations within the one month allowed for payment on oil purchases. As a result, in the past there has been little need for retrospective adjustment of accounts.

This time the negotiations have been frustrated by market uncertainties and repeated falls in the spot price of crude. BNOC has been left with a North Sea pricing structure in limbo and weak demand, which has forced it to make a number of loss-making deals.

It is thought that several refinery companies have stopped lifting oil from BNOC, which has left the corporation searching for new customers. Some have been found, including former purchasers of Middle East crude, but BNOC has still had to make ad-hoc arrangements to dispose of all its oil.

BNOC handles 1.2m barrels a day of the 2.2m b/d produced in the UK sector of the North Sea. The oil is obtained through state participation deals and royalty arrangements.

As the corporation has no refinery of its own it must resell all the oil it is contracted to buy. Some *400,000 b/d of the 1.2m b/d is auto*matically sold back to the producers under buy-back arrangements. The corporation normally sells the remaining 800,000 b/d on long-term contracts.

The price at which these contract deals are fixed is negotiated by BNOC as a compromise between the conflicting interests in the North Sea – the refiners who want to buy crude as cheaply as possible, and the independent producers who seek the highest possible price.

BNOC's search for customers has been made more difficult with the decision a few weeks ago by the U.S.-based Gulf Oil group to halt its purchases from BNOC. Gulf was the corporation's biggest single customer, buying about 100,000 b/d. The company ceased its liftings partly because it felt North Sea prices were too high and partly because of its decision to relinquish much of its European refining and marketing operations.

So far, buyers have been found for all of Gulf's share of BNOC's oil. Apart from selling to new customers the corporation has persuaded some of its traditional trading partners – Shell and British Petroleum, for instance – to increase their liftings.

It is thought that some of these deals have been concluded at prices appreciably below the current contract rate of $33.50.

UK miners to vote on national strike

BY JOHN LLOYD, LABOUR EDITOR, IN LONDON

BRITAIN'S 220,000 mineworkers will be urged to vote for a national strike against pit closures in a ballot next Tuesday which was described by their president, Mr Arthur Scargill, as a fundamental test of the miners' will to fight, and of their loyalty to union policy.

Speaking after a two-hour special meeting of the National Union of Mineworkers' (NUM) national executive, Mr Scargill said: "If we don't get the majority vote we need, then the executive council have not been given the authority to carry out the conference decision (to oppose closures) and the green light will have been given to close pits."

The union leadership was rebuffed in its attempt last October to get action on closures by linking it to the issue of pay. This time, the closure issue alone will figure on the ballot, which will demand a simple yes or no to the question: "Are you in favour of the national executive council's (NEC) unanimous recommendation that the NEC be given authority to take industrial action to prevent the closure or partial closure of any pit, plant or unit except on grounds of exhaustion, including those currently threatened in South Wales."

The wording greatly widens the scope of the dispute from one of *simple support for the Welsh min*ers, now ending their first week of strike action over the closure of the Tymawr-Lewis Merthyr pit.

The result of the ballot, to be conducted as usual by the electoral Reform Society, will be made known next Thursday and will require a 55 per cent majority for a strike. Mr Scargill said a "yes" vote could mean strike action within two weeks.

The decision to ballot was immediately welcomed by Mr Norman Siddall, National Coal Board Chairman – a further sign of the board's confidence that the mood in the coalfields is against strike action.

Mr Siddall said: "I hope the vote will recognise that the Tymawr-Lewis Merthyr colliery cannot be revived and that the offer of alternative jobs within the industry is a reasonable one."

The decision went against the apparent trend of Mr Scargill's remarks on Wednesday that no ballot was required

Japan to lift VCR prices

Continued from Page 1

tainty at this stage about the adequacy of the 600,000 units from within the overall Japanese quota which are to be assembled in Europe by Thorn-EMI, Japanese subsidiaries and by joint ventures such as Matsushita-Bosch in West Germany.

The Commission is confident both that this total is more than enough for current capacity and that Japan will not unilaterally reduce it in order to boost its home production.

Meanwhile, Brussels is still waiting for France to agree to lift its customs restrictions on imported *Japanese VCRs by channelling* them through a single point of entry at Poitiers.

But French officials in Paris said yesterday that no decision had been taken about Poitiers. A report from Tokyo that the customs restrictions would be lifted on March 18 was "completely without foundation," they said.

An embarassing aspect from the EEC Commission's point of view is that it will depend largely on Japanese statistics to monitor the agreement.

These are produced much more swiftly than import returns from Community member states and the Commission is now urging national capitals to speed up the counting and transmission to Brussels of their import figures.

Aero-engine deal near

Continued from Page 1

nese partners, and Pratt & Whitney on the work it has done on the PW-2037 engine with its Fiat and MTU partners.

The Rolls-Royce/Pratt & Whitney breakthrough has *other* implications. It will enable the airframe manufacturers, who are the potential users of such an engine, such as Airbus Industrie of Europe with its A-320 project, and Boeing with its "7 Dash 7" venture, to proceed with their designs with greater confidence that a *suitable* engine eventually will be available.

Rolls-Royce and Pratt & Whitney have struggled through the past few months, conscious that neither could go ahead alone on a new engine for prospective 150-seater airliners because of the heavy costs involved.

The breakthrough has followed a recognition by both sides that each has something unique to offer the other, and that unless they collaborated, there was no likelihood of either getting into the market.

Estimates of the potential world market for *150-seat jet airliners* to the end of this century are at least 1,000 aircraft.

London police seize forged Eurobonds

BY MARY ANN SIEGHART IN LONDON

THE CITY of London Fraud Squad yesterday seized over $14m worth of forged Eurobonds. The search is continuing for more forgeries with a face value of several million pounds which may be held unwittingly by banks and other financial institutions.

Officers interviewed 20 people yesterday and several are expected to appear in court today to face conspiracy charges.

The $5,000 bonds carry the name of J. C. Penney Global Finance. Other forgeries possibly in circulation are thought to be in the names of Citicorp Overseas Finance Corporation, BankAmerica Corporation and State of Connecticut.

Forged J. C. Penney bonds first came to light at Morgan Guaranty Trust in December while the bank *was taking receipt of securities in a* normal transfer. The forgery is believed to be the largest in the 20-year history of the Eurobond market.

The Fraud Squad has appealed to any financial institution which thinks it has any of the bonds to contact them.

Over the last three days' premises in London and southern England have been raided by the Fraud Squad, together with regional crime squad officers based at Scotland Yard in London.

The people being questioned yesterday came from addresses in London, Watford, *Luton, Windsor* and South Coast towns. Other documents, as well as the bonds, were taken for examination, which is expected to take several months.

Police are continuing to search for the forger's base

Bankers in the Euromarket sus*pect that the forgers have detailed* knowledge of the intricacies of Eurobonds.

Chile's reserves down

Continued from Page 1

not obey the central bank's instruction in its present form.

They say that selective sanctions against foreign bankers who fail to abide by the spirit of the moratorium, should have been imposed by the Government directly or agreed voluntarily by the foreign banks.

Chilean banks should not be forced to break their established contractual and business relationships, they argue and add that the central bank's instruction has no legal authority.

At least one leading New York bank, as well as several European Japanese and small regional U.S. banks, are said to be among those which have been cutting credit lines to Chile in the past few weeks.

It is widely agreed that the *Government's new measures are* unlikely to stop entirely the "leakage" of foreign exchange which continued out of Chile in February. This followed a record fall in the reserves from $2.58bn at the end of December to about $1.9 at the end of January.

In addition to the non-renewal of credit lines a further major source of leaks is believed to be the "parallel market." This is a form of legalised black market in which Chileans are allowed to buy unlimited quantities of dollars from street traders who acquire currency legally from foreign travellers, or illegally from Chilean exporters.

The fall in reserves is the essential preoccupation of the IMF mission which arrived in Santiago yesterday. The agreement reached in December between the IMF and the Chilean Gov*ernment provided for a decline* of no more than $600m in Chile's reserves in 1983 as a whole.

British split on Spanish car imports

Continued from Page 1

and General Workers, the AEUW and the Electrical and Plumbing Trades Union – had threatened a joint blockade of imports of the Spanish-built S car.

The company hopes to launch the car in the UK on April 29 following a mass meeting at Vauxhall's three UK plants on Wednesday and Thursday next week.

The prospect of unilateral British action against imports of cars from Spain has increased after the Prime Minister's direct intervention, there are still apparently sharp differences on the issue in the Government.

Tory MPs from motor industry constituencies in the West Midlands claim to have Mrs Thatcher's on the long row over the big difference between British and Spanish tariffs on cars.

They also claim the support of Employment Secretary Mr Norman Tebbit, and Industry Secretary Mr Patrick Jenkin, home secretary Mr William Whitelaw is said to be sympathetic, and the influential Mr Ian Gow, Mrs Thatcher's Parliamentary Private Secretary, appears recently to have been won over.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	14	57	Dubrovnik	S	12	54	Malaga	S	18	64	Salzburg	C	6	43
Akrotiri	S	14	57	Faro	C	17	63	Malta	S	15	59	Seoul	F	8	46
Algiers	S	16	61	Florence	C	10	50	Manila	S	34	93	Singapore	S	35	95
Amsterdam	S	7	45	Frankfurt	S	4	39	Miami	S	13	55	Stockholm	C	0	32
Athens	S	7	45	Funchal	S	18	64	Milan	S	11	52	Strasbourg	F	5	41
Bahrain	S	20	68	Geneva	S	5	41	Moscow	S	−8	18	Sydney	S	27	81
Bangkok	S	32	90	Gibraltar	F	17	63	Munich	S	3	37	Taipei	S	25	77
Barcelona	F	13	55	Guernsey	S	8	46	Nairobi	–	—	—	Tangier	S	20	68
Beirut	C	18	64	Helsinki	S	−5	23	Naples	S	15	59	Tehran	–	—	—
Belgrade	C	4	39	H. Kong	C	18	64	New Delhi	S	26	79	Tel Aviv	C	20	68
Berlin	C	4	39	Innsbruck	S	5	41	New York	F	15	59	Tenerife	F	18	64
Biarritz	S	14	57	Inverness	F	6	43	Nice	S	15	59	Tokyo	F	17	63
Blackpool	C	8	46	Istanbul	C	4	41	Oporto	S	21	70	Toronto	C	1	34
Bordeaux	S	12	54	Jersey	S	8	46	Oslo	D	1	34	Tunis	F	15	59
Brussels	S	8	46	Jo'burg	S	22	72	Paris	S	9	48	Valencia	C	13	59
Budapest	C	6	43	Las Palmas	C	19	66	Prague	C	1	34	Venice	S	12	54
B. Aires	S	23	73	Lima	S	30	86	Reykjavik	C	−4	25	Vienna	C	4	39
Cairo	S	24	75	Lisbon	S	17	63	Rio de J'o	C	37	99	Warsaw	Sn	0	32
Cape Town	–	—	—	Locarno	S	10	50	Rome	S	17	63	Zurich	C	4	39
Caracas	C	34	93	London	C	8	46								
Casablanca	C	18	64	Los Angeles	C	11	52								
Copenhagen	C	2	36	Luxembourg	S	2	36								
Corfu	S	16	61	Madrid	S	16	61								
Dublin	R	7	45	Majorca	F	15	59								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Snow Report

EUROPE

Andermatt (Sw)	80–290 cm	Excellent skiing everywhere
Les Arcs (Fr)	165–230 cm	Excellent skiing
Arosa (Sw)	110–180 cm	Powder on good base
Flaine (Fr)	125–400 cm	Excellent piste skiing
St. Anton (Aus)	75–260 cm	Powder skiing everywhere
St. Moritz (Sw)	60–140 cm	New snow on good base
Seefeld (Aus)	50– 80 cm	Excellent skiing everywhere
Tignes (Fr)	165–245 cm	Powder on north facing slopes
Val d'Isere (Fr)	143–236 cm	Skiing good everywhere

European reports from Ski Club of Great Britain representatives.

THE U.S.

Aspen (Col)	12– 41 ins	Packed powder on all runs
Hunter (NY)	18– 76 ins	Packed powder on machine base
Park City (Ut)	12–107 ins	New snow, all lifts open
Squaw Val (Cal)	7–204 ins	Powder and groomed runs

Figures indicate depths at top and bottom stations.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, A.V. Hare, R.A.F. McClean, M.C. Gorman, B.A. Lawrence, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C. E. P. Smith, Frankfurt/Main.

FINANCIAL TIMES
Friday March 4 1983

U.S. court rejects airline proposal

By Our Financial Staff

A NEW ORLEANS Federal appeals court has rejected Pacific Southwest Air's (PSA) attempt to take over some domestic routes from Braniff International, the Texas-based airline which filed for bankruptcy in May.

The ruling is almost certain to kill an agreement between Braniff and PSA, a California-based regional airline, under which PSA will set up a new division to operate the routes. Without an agreement, Braniff is likely to be forced into liquidation proceedings, which could bring sharply increased losses for secured and unsecured creditors.

Under the venture, PSA would have leased 30 Boeing 727-200 jets from Braniff, could have hired up to 2,000 former Braniff employees and used former Braniff landing rights.

But the court said the proposal was tantamount to a reorganisation plan, and would have to move through established bankruptcy reorganisation procedure.

The court said that if the pact was approved, "little would remain for further reorganisation." Both airlines had contended the transaction did not amount to a formal reorganisation.

PSA has said repeatedly that the deal would be called off if the new division, operating out of Dallas-Fort Worth airport, could not start operations in time for the peak summer season. The airline says any appeal would make such a start impossible, and none is planned.

Mr Howard D Putnam, Braniff's president, said the U.S. airline had not yet decided what action, if any, it planned.

Tentative agreement on the takeover was announced in December, and was approved by a Fort Worth Federal bankruptcy court judge in January. This decision was upheld by a U.S. district court judge on February 18, but an appeal was launched by the Federal Aviation Administration and Continental Airlines, a subsidiary of Texas Air.

The FAA said that only it has the authority to grant landing slots or times, and that it had already given about 100 of Braniff's 400 slots to Continental.

The Federal bankruptcy court judgement had said the takeover promised Braniff's creditors "at least 25 per cent more" than liquidation would, which would have obliged secured creditors to unload the aircraft onto a flooded market.

James Buxton in Milan outlines the prospects facing a troubled Italian publisher's new board of directors

Rizzoli group turns the page on the Calvi era

SHAREHOLDERS of the Rizzoli publishing group yesterday elected a new court-approved board for their troubled company. This means the formal replacement of Sig Angelo Rizzoli, former chairman and Sig Bruno Tassan Din, former managing director, who were arrested nearly two weeks ago on charges of fraudulent bankruptcy.

The chairman, to be elected in the next few days, is expected to be Sig Carlo Scognamiglio, a 38-year-old Milan University lecturer and finance expert.

The arrests were the latest twist in a saga which has seen the newspaper fall for a time under the control of an occult masonic lodge, and one of Italy's best known publishing houses swamped by debt to the extent that it is now in judicially controlled administration. The story is a classic example of how in Italy, business, especially newspaper publishing, and politics merge in a mysterious and often destructive twilight world.

It is a far cry from the excitement in 1974 when the Rizzoli group, already strong in magazines, books, films and paper, bought Corriere della Sera, the century-old voice of the industrial and professional classes of northern Italy.

With it they also acquired debts which were to swell. It is said that the family-run Rizzoli group did not have the managerial strength to run its greatly enlarged business. More crucially, it did not have the financial resources to cover its debts and fund its enlarged turnover of L150bn ($105.7m) at the time. The Rizzoli family was not prepared to put in new capital.

Instead, Angelo Rizzoli and Sig Tassan Din, his then treasurer, attempted to borrow money from the banks. But at first, they ran into obstacles because of what was considered the pro-communist stance of the Corriere della Sera at the time.

But they received a warmer welcome from Sig Roberto Calvi, chairman of Banco Ambrosiano, who made large loans to the company, and in 1977 financed a L20bn capital increase on condition that 80 per cent of the Rizzoli's shares were lodged with the bank.

A key intermediary in the deal was Sig Umberto Ortolani, treasurer of the P2 masonic lodge, a secret group with members in high places aiming to further its mysterious political and financial ends. Sig Tassan Din, Sig Angelo Rizolli and Sig Calvi were enrolled as members of P2, and a more conservative editor – also a member of the lodge – was appointed.

The group's strategy was now to expand out of the trouble. It moved heavily into the burgeoning private television station business, bought daily newspapers all over Italy, and created others. It re-launched magazines and gave the impression of being thoroughly dynamic. By 1981, its sales had reached L680bn.

But its debts, mostly short-term obligations to banks, mainly the Banco Ambrosiano group, had risen to at least L250bn by 1980, and financial charges were eating away at operating profits. A major injection of capital was needed, so an elaborate scheme was arranged which would have meant in effect the transfer of control of the group to the P2 lodge, partly through La Centrale, the financial holding company owned by Banco Ambrosiano.

The plan failed, because of the exposure in spring 1981 of the P2 lodge in a scandal which drove Sig Ortolani and the grand master, Sig Licio Gelli, into exile. But Sig Calvi went ahead anyway, buying 40 per cent of Rizzoli for La Centrale, while 10 per cent went to Sig Tassan Din, who also obtained the right of first refusal on Sig Angelo Rizzoli's 40 per cent stake.

Sig Calvi's move to become a major shareholder in a newspaper set off political jealousies which helped bring about his downfall. But the capital increase eventually went ahead, bringing in L153bn in new funds, too late however to stop the mounting losses. (The commission who recently investigated Rizzoli reckons it lost about L300bn in the past three years). The Bank of Italy ruled that a bank could not own a newspaper and withdrew La Centrale's voting right on its shares.

The Corriere della Sera, now the most prestigious and profitable part of the Rizzoli empire, has theoretically been on the market since Autumn 1981, according to Sig Angelo Rizzoli. But early initiatives to buy the newspaper, one on behalf of some apparently apolitical businessmen and another by a tycoon backed by the Socialist party, ran foul both of political opposition and of Sig Tassan Din, who was in no hurry to sell, and who holds the key to ownership of the group.

Last summer, the Banco Ambrosiano group went bankrupt after Sig Calvi's body was found hanging under Blackfriars Bridge in London. Ownership of La Centrale, its stake in Rizzoli and responsibility for many of the outstanding loans to the company passed into the hands of a consortium of seven banks, of which the best known are Banca Nazionale del Lavoro, and Instituto San Paolo di Torino. They soon started to put pressure on Rizzoli to pay off expiring debts.

Last October, Rizzoli made a counter-move. It secured what it hoped was a year's breathing space by having the company put into controlled administration. But La Centrale obtained the mandate to sell Corriere della Sera, and began discreet talks with possible purchasers. Sig Tassan Din put forward an alternative plan to save the company. It entailed reorganisation cutting out dead wood.

But the commissioner, while approving of much of the plans said it was not a credible proposition under the present managing director and La Centrale also insisted on Sig Tassan Din's departure before it would consider it.

Sig Tassan Din finally said that he would resign formally on Friday, February 18. But at dawn on Friday, the Guardia di Finanza, Italy's fiscal police, arrested him and the Rizzoli brothers. The commissioner, while investigating Rizzoli's accounts, had found missing some L29.6bn over the 1976-79 period (while Sig Alberto Rizzoli was managing director). Some of the money has been explained, but mystery still surrounds the rest. Sig Tassan Din and the Rizzolis were charged with fraud and concealement of debt.

So what happens now? The immediate future depends on the consortium of banks. The sale of parts of the Rizzoli group seems inevitable, and that is bound to include Corriere della Sera. But with so much political influence perceived to be at stake with a newspaper whose circulation at 480,000 copies a day is the largest in Italy, who will the politicians allow to buy it? Will the Corrieres get the freedom from scandal and obscure financial deals for which it plaintively pleads in its editorials?

Philips to increase holding in Valtec

By Walter Ellis in Amsterdam

U.S. PHILIPS Corporation, a subsidiary of United States Philips Trust, of which Philips NV shareholders are sole beneficiaries, is about to increase from 50 per cent to 100 per cent its holding in Valtec, of Massachussetts, a major producer of fibre optics.

Valtec makes glass fibre and fibre cable used in telecommunications, data control and weapons systems.

U.S. Philips is buying the remaining 50 per cent holding by agreement from M/A-Com, of Burlington, Massachusettts, for an undisclosed sum. Philips NV point out, however, that the deal is a small one, not to be compared with other recent U.S. purchases.

In the Netherlands, Philips already manufactures fibre optics through its NKF subsidiary in Delft. The addition of Valtec reflects the growing importance attached by Philips to the optic fibre field.

F. Van Lanschot, the Dutch wholesale and semi-retail bank, yesterday announced earnings of Fl 9.8m ($3.6m) for 1982 – 18.3 per cent up on 1981.

The sharp rise was despite an 18 per cent increase in the provisions for debt, to Fl 17m.

The balance sheet total of the bank, which is part-owned by Rabobank and National Westminster of the UK, rose by 4.2 per cent, from Fl 4.7bn to Fl 4.9bn.

Lanschot blames its "limited growth" on the recession affecting Dutch industry and international economic stagnation.

Nevertheless, as one of the oldest banks in the country, with only 15 branches, it has made profits two years running at a time when its larger, commercial rivals are still struggling with a rising tide of debt.

Hong Kong and U.S. banks launch venture

BY DAVID DODWELL IN LONDON

THE HONGKONG and Shanghai Banking Corporation and its 51 per cent owned subsidiary Marine Midland yesterday launched a new joint venture, International Treasury Management, intended to offer treasury management services to corporations, financial institutions and government agencies around the world.

The associate will offer training and consultancy in such linked areas as foreign exchange exposure problems, foreign exchange trading, long-term currency swaps and interest rate swaps.

The partnership is among the first mounted by the two banks since Hongkong and Shanghai Banking took control of the U.S. bank almost three years ago.

It offers a signpost to the way Hongkong and Shanghai banking plans to develop a complementary relationship with Marine Midland as part of the enlarged group. Since acquiring the U.S. bank for about £140m in March 1980, the Hongkong bank has given few hints of the way it plans to integrate operations.

In November last year, the U.S. Federal Reserve Board approved an application from Marine Midland and Hongkong and Shanghai Banking to offer investment advisory services through a newly established subsidiary Wardley Marine International Investment Management. Wardley is the Hong Kong bank's merchant banking arm.

The venture will combine Marine Midland's sophistication in this area – it has had an international treasury managment unit for 10 years, and is one of the U.S.'s top five banks in the area – with Hongkong and Shanghai's extensive banking network, particularly through Asia and the Middle East.

With units in London, New York, Hong Kong and Singapore, the new partnership will inherit from Marine Midland about 270 existing clients and earnings understood to amount to about £5m.

This client base is strongest in Scandinavia, Switzerland and the Middle East. This is expected to expand rapidly over the coming two years. The "most fruitful areas" for growth in Europe are predicted to be Germany, Greece, the Benelux countries and the UK.

Mr Gordon Tillett, International Treasury Managment's regional manager based in London, said yesterday: "Given the dependence of the UK economy on both exports and imports, it is remarkable how the treasury function within UK companies is so underdeveloped."

Mr Paul Chertkow, ITM's chief economist, yesterday forecast a period of "great risk" for sterling over the coming six months. In the coming month, "intense speculative pressure" may push sterling below the $1.50 level, and below 75 on a trade weighted basis.

For the dollar, he predicts a weakening over the coming three months because of falling U.S. interest rates and a deteriorating current account. He then forecasts a rebound, however, as interest rates rise in line with fresh Treasury borrowing.

Ontario to control Hawker plant

By Nicholas Hirst in Toronto

THE ONTARIO provincial government is paying C$9.2m ($7.5m) to take control of Hawker Siddeley Canada's Thunder Bay plant, in northern Ontario, which manufactures railways and subway carriages.

The plant recently tendered to provide cars for a subway system in Houston, Texas but lost to a Japanese contractor.

The deal is being portrayed as a joint venture. Hawker Siddeley Canada, which is 59.1 per cent owned by the Hawker Siddeley group of the UK, will put up C$2.5m for 20 per cent of a new company which will purchase the plant. Ontario will hold the rest of the company, which in turn will hold all shares in Venturetrans Manufacturing, owned by an Ontario government Crown Corporation. Venturetrans designed rapid transport systems for Vancouver, Detroit and Seattle.

Hawker Siddeley Canada's Thunder Bay operation is a relatively small part of the Canadian company which in 1981 had sales of C$639m. It built the subway cars for Toronto's underground system and double decker railway carriages for the Toronto area commuter service.

But recently it has been short of work. The workforce has been reduced from 1,000 to only 550.

Mr John Snow, Ontario's transportation minister, said he was concerned. But without the takeover, Hawker Siddeley's Thunder Bay plant might not be able to continue.

Babcock lifts Arab provisions

BY JOHN DAVIES IN FRANKFURT

DEUTSCHE BABCOCK, the West German power station and mechanical engineering group, has set aside a further DM 400m as provision against losses on contracts in Arab countries.

This brings to nearly DM 1bn the total provisions made over the last few years to cover losses on these projects, mainly in Kuwait and Libya.

The company – one-quarter owned by Iran – has already announced that it will report a loss for the financial year ended last September and will not pay a dividend. The loss, to be published later this month, is expected to be more than DM 380m.

Deutsche Babcock said yesterday that it was setting aside the additional provisions to "make a fresh start" and was satisfied that no further risks were involved in these projects, which were nearing completion.

The Kuwait power station order was taken on at a difficult time several years ago to make use of the company's works capacity and was won against sharp competition.

The growing costs of the project sharply depressed Deutsche Babcock's results in 1979–80, although profits recovered the following year.

The company said that the decision to make a further "once and for all" provision against losses was made easier by generally favourable conditions at the moment.

Sales revenue and new orders were running at a high level last year and the order inflow in the first four months of this financial year were up a further 8 per cent. The company was confident it would report a profit for this year because of the encouraging signs.

Record sales for Lindt

By John Wicks in Zurich

WORLD TURNOVER of Chocoladefabriken Lindt and Sprüngli, the Swiss chocolate company, rose by 8.3 per cent last year to a record SwFr 585m ($288.2m). The improvement follows a 4 per cent decline in sales in 1981, which was solely because of the marked strengthening of the Swiss franc.

In terms of local currencies, 1982 sales were up by 8.1 per cent, following an increase of 7.6 per cent in the previous year.

The board is to recommend an unchanged dividend of SwFr 100 per bearer and registered share from net earnings up from SwFr 3.89m to SwFr 4.13m.

● Group sales of Swiss-owned Hero Conserven fell by 7 per cent last year to SwFr 431.3m ($208.9m) because of the exclusion of Conserves Lenzbourg, the French company, from consolidated figures and to a new definition of net turnover. Without the changes, the group would have shown a 6.4 per cent rise in sales.

Georg Fischer in joint machine tools deal

BY JOHN WICKS IN ZURICH

CHARMILLES TECHNOLOGIE has been set up in Geneva as a joint venture of the Schaffhausen-based Georg Fischer group and Ateliers des Charmilles of Geneva.

The company, will employ about 600 people in Switzerland and, with foreign sales subsidiaries, will take over Charmilles' operations in the field of electrical discharge machine tools.

Backed by an initial share capital of SwFr 30m ($14.6m), the new company will be 50 per cent owned by Georg Fischer and 49 per cent owned by Ateliers des Charmilles. In a joint communique, both partners say the operation's base will remain in Geneva.

The acquisition of a majority stake in Charmilles' micro-processor controlled electrical discharge equipment, which already has an important place in the world market, is seen by Georg Fischer as strengthening its existing sales programme

Coca-Cola lifts payout

COCA-COLA, the world's biggest soft drinks-maker, is to increase its dividend for the final quarter of 1982 to 67 cents from 62 cents a share. The dividend is payable on April 1 to shareholders of record on March 15, writes our Financial Staff.

In a separate move, Mr Francis Vincent was elected a senior vice-president of the group, and appointed chairman of Coca-Cola's Columbia Pictures Industries subsidiary.

Iraq to tap market for pipeline project

BY PETER MONTAGNON IN LONDON

IRAQ is raising a $120m credit in the Euromarkets to help finance an expansion in the capacity of its crude oil pipeline to the Turkish port of Ceyhan on the Mediterranean.

The operation follows closely on the $500m credit launched last autumn for Rafidain Bank, the country's leading bank. This was Iraq's first Eurocredit since 1978, and is now expected to be signed on or around March 18.

The borrower in the new transaction is the Iraq National Oil Company, but as for the Rafidain deal, this loan will be guaranteed by the central bank. It is led by Arab Banking Corporation and provides for a margin over Eurodollar rates of 1 per cent for the first two years declining to ⅞ per cent for the next three.

This is a lower overall margin than that paid by the central bank whose credit bears interest at 1 per cent throughout its five-year life. The decline in the margin on the oil deal coincides with the projected increase in pipeline throughput from 700,000 barrels per day to 1m barrels per day.

Arab Banking Corporation said yesterday that the loan will be assembled on a confidential club basis and it will not be disclosing the names of other participants without their consent.

Lending to Iraq remains a controversial issue in the Euromarkets because of the war with Iran and the scarcity of data on the country's foreign exchange reserves. Nonetheless, the $500m loan has achieved a better-than-expected result in syndication.

Portugal seeks terms on $400m credit

BY OUR EUROMARKETS CORRESPONDENT

PORTUGAL has asked its international bankers to submit terms on a $400m to $500m Eurocredit intended to satisfy part of the country's $3bn foreign borrowing requirement for this year.

The invitation came as a surprise yesterday to some bankers who had expected Portugal to wait until after its general elections on April 25 before launching a large credit in the Euromarkets.

It is understood that Portugal is seeking a loan of around seven years with a margin of about ⅝ per cent over Eurocurrency rates or 0.30 per cent over U.S. prime. This would be the first time that Portugal has raised money over the expensive U.S. prime rate.

Portuguese entities have recently encountered resistance to their efforts to raise money

The state-owned savings bank Caixa Geral dos Depositos was forced to abandon attempts to complete a $150m revolving underwriting facility last month because of poor response to the deal which was led by Merrill Lynch.

Reaction to the country's new loan request is thus likely to be closely watched in the Euromarkets. Portugal has applied to the International Monetary Fund for a $140m loan from its Compensatory Financing Facility, and might seek "other arrangements" as well, Mr Walter Marques, a top Finance Ministry official, said in London last month.

International Capital Markets, Page 24

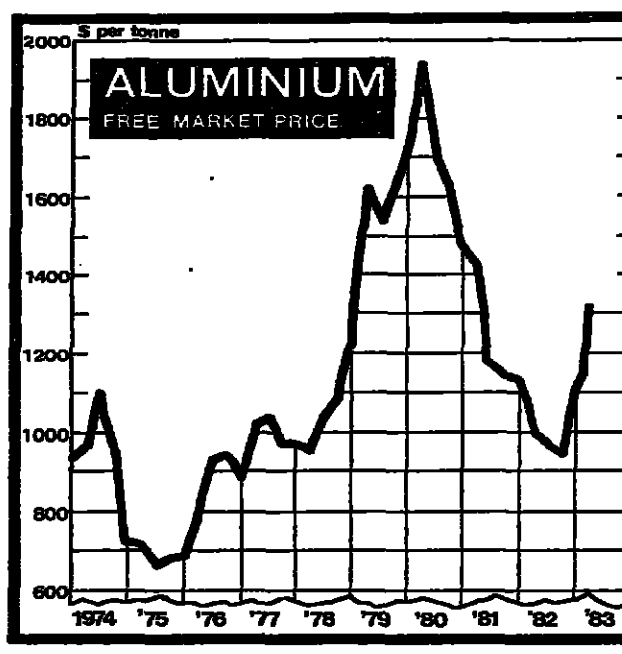
Michael Holman looks at the negotiations over the Valco smelter

Foreign investment test for Ghana

NEGOTIATIONS over the future of Africa's largest aluminium smelter, the Volta Aluminium Company (Valco) plant in Ghana, have reached a critical stage. The attitude of Flight Lieutenant Jerry Rawlings's Government in the talks is seen as a key test of the left-wing regime's position on foreign investments in the country.

Valco says that it will soon reply to the Ghanaian Government's "substantive proposals" for a renegotiation of the 21-year-old operating contract for the smelter, at Tema on the coast some 50 km east of Accra, the capital.

The Valco smelter is one of the largest foreign investments in Ghana, with an annual capacity of some 200,000 tonnes of aluminium and a workforce of 2,500. The company is 90 per cent owned by Kaiser Aluminum and Chemical Corporation of the U.S., with Reynolds Metals, also of the U.S., holding the remaining 10 per cent.



Valco imports its raw material, alumina (an intermediate product in the process of refining produced in powder form from the ore, bauxite, by a fairly simple and relatively inexpensive process) from Jamaica and Louisiana in the U.S.

The refining process with its very high energy costs is carried out at the Tema plant and the aluminium produced then re-exported for sale by Kaiser and Reynolds.

At the end of last year the Rawlings Government announced that it wanted to renegotiate the 1962 agreement. Essentially, it wishes to increase the price paid by Valco for its electricity and to press the company into developing an integrated aluminium industry using the so far largely unexploited local reserves of bauxite.

On the energy front the Government claims that the concessionary electricity rates paid by Valco are uneconomic and are undermining the viability of the hydro-electric plant on the Volta river at Akosombo, which is run by the state-owned Volta River Authority (VRA). Valco consumes about 65 per cent of the dam's electricity output.

The Ghanaian Government is putting its case to Valco at a difficult time. While there are signs of recovery, the aluminium industry has been deeply depressed, with smelters in Japan and the U.S. either closing or operating well below capacity. Valco itself is only using some 40 per cent of its 200,000-tonne capacity.

Kaiser Aluminum, the third largest U.S. producer, severely affected by the recession, is operating at only 19 per cent of its U.S. capacity, and reported a net loss in 1982 of $123.4m, or $2.68 a share.

However, the Government argue that the concessionary rates for water as well as electricity "deprive Ghana of an adequate rate of return on her investments in the Volta River project."

"The concessions," it says, "were granted at a time when for Valco and its shareholders their operations in Ghana may have looked like a risky venture but the evidence over the years has demonstrated that Valco has been extremely profitable."

Under the existing agreement, Valco pays tax at 40 per cent, compared to 50-55 per cent for other manufacturers in Ghana, and is exempted from other taxes or duties. Although the rate for electricity was revised three times in the Seventies, Valco pays a little under 6 mills per KWH compared to 25.9 mills at Kaiser smelters in the U.S. Togo and Benin pay 25 mills for power supplied by the VRA from the same dam.

Valco is clearly not well placed to absorb increases in costs. Three of its five aluminium producing potlines are at present closed because the low level of water in the Volta dam has limited electricity production.

Energy costs remain critical for an operation in which the Atlantic Ocean is crossed twice (once by the alumina and then again by the aluminium on its way back to Kaiser and Reynolds). The Rawlings Government therefore has to decide whether it will go on supplying power and water cheaply enough to keep the U.S. aluminium majors interested in running the plant in Ghana at a time when they have been forced to make drastic cuts elsewhere.

Japan eases foreign bank exchange regulations

THE Japanese Finance Ministry has told foreign banks that it will increase their overnight exchange position limits and yen/dollar swap lines, Reuter reports from Tokyo.

The Ministry asked the banks at a meeting to submit applications for the increases, which will be studied by Ministry officials before being granted.

The overnight oversold or overbought position limit applies to both spot and forward positions, although the bulk is usually in the spot position. The Ministry indicated the overnight position limits may be increased by up to 100 per cent, while the swap line increases will be a maximum 20 per cent.

Present overnight position limits range from an estimated U.S.$500,000 to $10m per bank, according to the bank's size and years of operation in Japan.

Total swap lines at present for all foreign banks in Japan are estimated at $5.50bn.

The measures are apparently intended to show the U.S. and West European countries that the Finance Ministry is liberalising the Japanese market as much as possible.

Earnings at Howard Smith plunge 30%

BY MICHAEL THOMPSON-NOEL IN SYDNEY

HOWARD SMITH, the diversified Australian coal-to-sugar-to-shipping group, saw a 30 per cent fall in profits for the year to December 31, from A$25m to A$17.4m (U.S.$16.7m), despite a 23 per cent improvement in turnover to A$438m, and a boost in investment income from A$8.8m to A$12m.

Factors cited by the group yesterday included collapsed sugar values, high interest rates, drought and industrial unrest.

The final dividend is maintained at 17.5 cents a share, for a total of 22.5 cents (steady) on earnings-per-share of 24 cents (34 cents previously).

Interest payments soared from A$2m to A$8m and depreciation charges were sharply higher at A$17m against A$12m.

On the coal front, the group said Australian producers would have to reduce production rates, particularly from high-cost mines, to restore price competitiveness. "It is to be hoped that the Government and unions will respond to the dire position of the New South Wales coal industry," it said.

Nicholas Kiwi, Australia's diversified international shoe polish-to-Aspro-to-medical equipment group, saw a 36.2 per cent improvement in interim profits to December 31, 1982, from A$6.62m to A$9m ($U.S.8.6m) and has lifted the half-year payout from 5 cents to 6 cents per share, on earnings of 12.2 cents a share (8.96 cents).

The previous corresponding period included only four months' earnings from the merged Nicholas and Kiwi operations.

The group said trading conditions were difficult in all its main markets.

Turnover in the six months was 18.6 per cent higher, at A$151.3m.

Earnings at J. Gadsden, the Melbourne packaging group, soared by 76 per cent in the six months to January 2, 1983, from A$4.64m to A$8.16m ($U.S.7.83m). The interim dividend has been hoisted from 8 cents to 9 cents a share. Per share earnings were 21 cents against 13 cents previously. The company is renowned for erratic profits growth.

Sales were 14.3 per cent higher at A$210m.

Last year, Australia's Carlton and United Breweries (CUB) paid A$23.72m for a 19.66 per cent stake in Gadsden. In spite of the stake, "They're still squeezing us into the ground on price, and we're still squirming," said Gadsden, which is a major supplier of metal cans to CUB.

Wardley Australia, the merchant bank, lifted profits by 32 per cent in the year to December 31, 1982, to A$5m ($U.S.4.58m). Deposits rose from A$353m to A$566m, and loans increased from A$147m to A$458m. Total loan commitments at year-end were A$828m against A$404m.

Income surges at Hang Seng Bank

By Robert Cottrell in Hong Kong

HANG SENG BANK, a quoted subsidiary of the Hongkong and Shanghai Banking Corporation, has announced 1982 profits 20 per cent higher, and special distributions to mark its 50th anniversary.

Net profits after tax total HK$713.7m (U.S.$108m) against HK$594m previously. A final dividend of HK$1.47 per share makes HK$2.05 for the year, against HK$1.64 in 1981, adjusting for an intervening scrip issue.

Hang Seng is paying a special HK$0.33 anniversary dividend, boosting the total 1982 distribution to HK$2.38.

● A "run" on the Banco Luso Internacional of Macau, which began on Wednesday, appeared to have subsided by close of business yesterday. Banco Lusco, Macau's seventh largest bank in asset terms, is a subsidiary of Panin Holdings, a publicly-quoted Hong Kong finance group.

Reports from Macau say that several hundred depositors queued at Luso's 11 branches on Wednesday to withdraw a total of HK$30m.

Luso saw another rush of withdrawals yesterday morning, but the flow ebbed around midday as the bank continued to reassure customers that it had enough ready cash to meet all liabilities.

Nichii and Uny drop merger

By Yoko Shibata in Tokyo

NICHII and Uny, respectively Japan's fifth and sixth largest supermarket chains, have scrapped their plans to merge because they could not agree terms.

Uny, which has a stronger financial base but smaller sales than Nichii, insisted on taking up capital in a new company on the basis of one Uny share for 0.7 of a Nichii share.

Nichii, however, wanted an exchange ratio of one of its shares for 0.9 of a Uny share.

Profits recover at Siam Cement

BY JONATHAN SHARP IN BANGKOK

SIAM Cement Company, Thailand's largest industrial concern, has reported net profits of 456m baht ($19.8m) for 1982, representing a sharp recovery from 1981's depressed net profit of 95m baht. Sales in 1982 amounted to 11.47bn baht ($498.6m).

Charas Xuto, company president, singled out savings in energy costs as the most important factor behind the recovery. He said Siam Cement had totally discarded the wet process in cement production, which requires large energy consumption, and switched to the more modern and efficient dry process.

Siam Cement, which makes a wide range of construction materials besides cement, has also benefitted from a steep decline in the price of imported energy last year.

Prospects for the present year are good, despite a continued slump in Thailand's construction industry because of the recession, the company said.

Siam Cement was promised a supply of the natural gas that came on stream from the Gulf of Thailand in September 1981. But gas production has so far failed to live up to expectations, and the prospect of the company bzeing able to reduce its energy costs further by obtaining some of the gas are not good for the immediate future.

However, prices of imported energy are expected to continue their decline, as are interest rates, and these factors should keep the company in the black.

1982 FIGURES DOWN DESPITE RECOVERY IN FINAL QUARTER

Companies' assets fall by £1bn

BY DAVID DODWELL IN LONDON

THE ASSETS of UK companies fell more than £1bn in 1982, despite a significant recovery in the last three months of the year, according to figures published yesterday by the Department of Industry.

In the final quarter, companies engaged mainly in manufacturing increased total current assets by about £470m. As liabilities also rose by £90m, the Department of Industry reported a net improvement of £380m.

Non-manufacturing companies saw assets fall by about £240m, with total current liabilities also falling by about £180m, leaving a reduction in net current assets for the final quarter of about £60m.

Despite this fourth-quarter improvement, company liquidity is still at its lowest level since the first quarter of 1981, the Department of Industry noted.

After a poor third quarter, the full-year figures show manufacturing company assets increasing by £180m while liabilities leapt by £610m, leaving a reduction in net current assets of £430m.

Non-manufacturing companies saw assets fall by £80m and liabilities rising by £540m, resulting a reduction in assets of about £620m. The total net fall was therefore about £1.05bn.

The figures are based on a survey of 200 large UK companies. The Department of Industry warned that results might be affected by such things as companies switching between short, medium and long-term borrowing.

It also warns: "Because of their size, industrial make-up and other factors, these companies may not be representative of industrial and commercial companies as a whole."

The main surge in company liabilities over 1982 came in the form of borrowings from banks and from overseas. There was virtually no change in borrowings from non-bank financial institutions in the UK.

Former STC director to join GEC subsidiary

MR JEOFF SAMSON, former director of telecommunications at Standard Telephones and Cables (STC), is to join GEC-Schreiber, the domestic appliances and furniture subsidiary of the General Electric Company.

Mr Chaim Schreiber, head of GEC-Schreiber, declined to say yesterday what Mr Samson's exact position would be. But he said that changes in the structure of the company were planned.

GEC-Schreiber is owned 62.5 per cent by GEC and 37.5 per cent by Mr Schreiber, his family and colleagues. It in turn owns Hotpoint, the domestic appliance manufacturer, and Schreiber Industries, which makes furniture.

GEC-Schreiber was formed in 1974 by the amalgamation of GEC's former British Domestic Appliances business and Schreiber Industries.

Sealink hopes to sell shares next autumn

BY ANDREW FISHER, SHIPPING CORRESPONDENT

SEALINK UK, the loss-making ferry subsidiary of British Rail, hopes to sell shares to corporate or institutional investors this autumn, with a full public flotation seen possible in two or three years

Having made losses of nearly £3m after tax in 1980 and £9.6m in 1981, Sealink hopes to return to profit in 1983. The size of the reduced 1982 loss has still to be announced.

Like other cross-Channel ferry companies Sealink has raised fares 12 to 15 per cent for this year. Two years ago it suffered badly from the price war on routes to continental Europe.

The intention in Sealink's gradual privatisation process is that British Rail should keep about 30 per cent of the shares, corresponding to the revenues stemming from rail traffic on ferries.

Courtaulds to expand carbon fibre output

BY RHYS DAVID

COURTAULDS, the UK fibres, textiles, and plastics to paints group, is determined to maintain its position as Europe's dominant manufacturer of carbon fibres against the challenge about to be mounted by new producers.

So much is clear from the company's announcement that it is to spend some £3m on expanding by 70 per cent its output of the material, used to make very light, high-strength components for the aerospace and other high-technology industries.

The UK company, one of the pioneers of carbon fibre development, already accounts for 90 per cent of European output of the material, demand for which has been growing on average at more than 30 per cent a year in recent years. Courtaulds accounts for 13 per cent, of world sales, a figure expected to rise by several percentage points when the new facilities at Coventry come on stream in autumn this year.

Apart from Courtaulds, three other groups dominate world production, and all are engaged in expanding capacity. Toray of Japan, with its U.S. partner Union Carbide, has an estimated 40 per cent of world sales. Toho, also of Japan, and Celanese of the U.S. jointly have 20 per cent, and Hercules of the U.S., which developed its operations under a Courtaulds' licence, has 18 per cent.

Two major developments are projected in France – by Pechiney Ugine Kuhlmann (PUK) in association with Hercules, and by Elf Aquitaine and Toray – but neither is likely to be in production before next year.

It is partly to counter the competitive threat posed by these new facilities, and to safeguard its position as the leading supplier of the material to the European aerospace industry, that Courtaulds has decided to go ahead with its own expansion.

The Elf-Toray plan is for a plant producing 300 tonnes a year with PUK and Hercules envisaging output of 200 tonnes a year from their new facilities.

In aerospace, the attraction of carbon fibre reinforced plastic components is the weight, and hence energy, savings that can be achieved. As a result, carbon fibre composite materials have begun to replace some metal components, particularly in military aircraft, and there are forecasts that by 1990 the material could account for as much as half of total airframe weight in some aircraft being built then.

Aircraft where carbon fibre components have already been used or are part of evaluation exercises, include in the military field the Panavia Tornado, the Jaguar and Harrier. In the zivil field the new Boeing 757 airliner uses carbon fibre reinforced brakes developed by Dunlop, and the SAAB-Fairchild has Dowty Rotol carbon fibre reinforced propellers.

The Courtaulds development, work on which has already started, will raise the company's capacity from the present 200 tonnes a year – regarded as the minimum break-even level – to 350 tonnes, a figure at which Courtaulds is confident it can begin to make profits for the first time after 15 years nursing the product. Some 15 per cent of the total cost of the scheme is being met by a Government grant under section 8 of the Industry Act, 1972.

As well as enabling it to go on meeting demands from its aircraft industry customers, the new capacity will, according to the chief executive of Courtaulds carbon fibre division, Mr Derek Twogood, also make it possible for Courtaulds to develop further the range of specialities which come from its five existing lines.

It will also make possible an assault on the U.S., where Courtaulds has been sampling materials with a number of major customers. The UK group, which under the terms of its licence agreement with Hercules has only been able to sell in the U.S. since 1979, is likely to make direct investment in the U.S. its next major step.

Apart from aerospace, the main application for carbon fibre has been in sports goods where it is used widely in ski poles, golf clubs, fishing rods and tennis and squash racquets. The world market stood at 730 tonnes in 1980 rising to 1,751 tonnes last year, and is projected to reach nearly 3,300 tonnes in 1985, according to Courtaulds.

Out of this total, aerospace is expected to account for just under half, sports goods 25 per cent and other uses – in the motor industry, engineering and elsewhere – the remainder.

The U.S. accounts for two thirds of demand, with the rest divided between the Far East and Europe. Courtaulds expansion fits in with its overall policy of developing new areas of business to compensate for the decline in its basic textile areas. The latest development will be highly capital intensive, however, and will result in the addition of only 20 new jobs.

The starting point for Courtaulds carbon fibres is a special "dope" produced at its Grimsby acrylic plant which is then transformed at Coventry into fibres offering very high strength of stiffness, or a combination of both. The fibres then follow a variety of processing routes before emerging as high strength components.

Hamilton Oil profits up 64% in year

By Our Financial Staff

TAXABLE profits of oil and gas exploration and production group Hamilton Oil Great Britain jumped by 64 per cent from £13.17m to £21.54m in 1982, on turnover 88 per cent ahead at £38.52m compared with £20.44m.

Earnings per 10p share are given 8.3p higher at 21.2p the year's dividend is maintained at 1p net.

The directors say the bulk of the company's income is drawn from a 28.8 per cent interest in the Argyll field in the British sector of the North Sea. Production during 1982 totalled 7.32m barrels (3.60m barrels in 1981) and was the highest level recorded since 1976. Of the 1982 total, 5.86m barrels came from the Argyll field itself and 1.46m barrels were produced in extended tests on the two discovery wells in the Duncan area to the west of Argyll.

Mr J. W. R. Sutcliffe, managing director, said: "1982 was a good year in the North Sea for us. In block 30/24 we confirmed commercial reserves in the Duncan and East Duncan structures. Another important development was the discovery of additional reserves of gas in the Bunter and in block 43/13a, and we are now working on a development scheme."

The taxable profits were made up of operating profits of £19.07m (£9.57m) and interest income of £2.58m (£3.57m), included a debit of £104,000 (£29,000 credit) for the group's share in the results of limited partnerships.

Setback for W. N. Sharpe

By Our Financial Staff

A DROP of £587,000 in second-half profit has left W. N. Sharpe Holdings, greeting card maker and publisher, with £4.99m for the year 1982, compared with £5.74m for the whole of the previous term.

The dividend, however, is lifted from 8p to 9p net with a final of 5p. Earnings fell by 2.3p per share to 39p.

■ W. N. SHARPE HOLDINGS
Greeting cards and publisher

Year to Dec 31	1982	1981
	£	£
Sales	16.19m	15.57m
Pre-tax profit	4.99m	5.74m
Tax	2.14m	2.72m
Attributable profit	–	–
Earnings per share	39p	41.3p
Dividend	9p	8p

Sturge underwriter to join Posgate & Denby

BY JOHN MOORE, CITY CORRESPONDENT

A SENIOR insurance underwriter of R. W. Sturge, one of the most respected underwriting agencies within Lloyd's, is leaving the company to join the Lloyd's insurance activities of Mr Ian Posgate.

A deal was concluded yesterday whereby Mr Michael Bexter, a marine insurance underwriter for R. W. Sturge, which runs one of the largest marine insurance syndicates at Lloyd's, is to leave Sturge and join Posgate & Denby, the underwriting agency where Mr Posgate speaks for around 60 per cent of the equity.

Mr Baxter, who had been with the Sturge agency for about eight years and was a director, is to be allowed a share participation in the Posgate & Denby agency.

Mr Posgate, who has been suspended from underwriting at Lloyd's in the wake of allegations made by Alexander Howden's American owners, Alexander & Alexander Services, said yesterday that the agency had to recruit the best possible people. "While I am suspended the agency obviously has to do something."

Mr Posgate's future as a member of Lloyd's ruling council is expected to be considered on Monday, but so far no move has yet been made to suspend him from the governing bodies at Lloyd's.

Mr Baxter was an underwriter with two syndicates at Sturge – Syndicates 206 and 209 – which accepted business on behalf of around 1,400 members of Lloyd's. The combined insurance capacity of the syndicates was around £48m.

Mr Baxter is expected to be underwriting for syndicates of similar capacity at Posgate & Denby.

Mr David Coleridge, chairman of R. W. Sturge, said yesterday that Mr Michael Maughan, a Sturge executive and underwriter, would be assuming Mr Baxter's responsibilities.

When the troubles broke out around Mr Posgate last September, and it was alleged by the American group that he and four other former Howden executives had misappropriated money from Howden Lloyd's syndicate and insurance companies, Sturge made an approach to take over the Posgate & Denby agency, which was rejected.

Leicester to link with Post Office

BY ALAN FRIEDMAN, BANKING CORESPONDENT

THE LEICESTER Building Society, Britain's ninth largest in terms of assets, is to link with the Post Office's National Girobank so that customers will be able to make deposits and withdrawals on Leicester accounts at any of the country's 20,000 Post Offices.

Although the full arrangement will not be in place until mid-April, potential investors can now make initial deposits and apply to open accounts at Post Offices. From mid-April the whole package will be functioning and customers will be able to withdraw up to £100 every other day from a nominated Post Office of their choice.

The scheme, says Mr Scott Durward, Leicester's chief general manager, will not conflict with National Savings Bank accounts. Mr Durward says this is because the two are aiming for different market segments.

Mr Durward said yesterday the scheme would give Leicester "19,000 more outlets than any other society in the country and access to valuable positions in small towns and villages previously unavailble to building societies."

Leicester claims that if it achieves one new account per Post Office each month, this could amount to nearly 250,000 new share accounts in the first year.

Leicester is claiming that, based on an average account of £1,000, the society's assets could increase by £250m in 12 months. The society's assets now total about £2,000m.

In order to open a Leicester account at a Post Office, a customer will complete a Girobank "Transcash" form and receive a passbook. These forms are used for funds transfers from post offices to the Leicester. The minimum investment will be £100; this will provide customers with a Leicestercard needed for the accounts.

Mr Durward said one of the attractions of the deal was that it would not cost Leicester a great deal in capital investment. He added, however, that for each transaction at a post office, the building society would pay a fee ranging from 50p up to £1.

Rea Brothers to increase final payout

By Our Financial Staff

MERCHANT Bank Rea Brothers has declared an effective increase in the final dividend for 1982 from 0.7727p per 25p share to 0.8p which improves the net total from an adjusted 1.212p to 1.25p. This follows last year's 13-for-20 scrip issue.

The group profit after tax, and a transfer to inner reserves, improved from £825,000 to £851,000.

The balance sheet total at the end of 1982 came through higher at £171m against £159.31m and included current, deposit and other accounts – including provision for tax and inner reserves – of £146.33m (£133.95m). Loans advances and other accounts moved ahead from £48.43m to £51.43m.

■ FLEMING ENTERPRISE
Investment Trust

Half-year to Dec 31	1982	1981
	£	£
Pre-tax revenue	440,734	416,254
Tax	143,956	129,683
Dividend	–	–
NAV per share	177.9p	148p

LCA directors propose to reorganise

BY OUR FINANCIAL STAFF

THE directors of London and Continental Advertising Holdings, an Unlisted Securities Market company, propose that the capital be reorganised into 8p shares only. At the moment there are 8p and 20p shares and they consider it would be in the best interests of the company and shareholders if the distinction was brought to an end.

They feel that the division of the ordinary has been adversely affecting the market in the company's shares.

It is proposed to cancel 12p of each 20p share and reduce them to a nominal value of 8p. The directors recommend the change to shareholders.

They recall that the division arose in August 1979 when 15m of 8p shares were created and issued against the acquisition of the L & C capital. The nominal value of 8p was fixed because that was the agreed value attributable to the existing 20p shares at that time.

The new shares were issued on the basis that they would rank with the 20p shares in all respects, including dividend and return of capital (on liquidation or otherwise).

MITCHELL COTTS

International Engineering, Transportation and Trading

Interim Report for the six months ended 31st December 1982

In past years the results of the first quarter usually have proved to be relatively modest with the real contribution to profits only starting to flow through from the second quarter onwards. This pattern is not being repeated during the current year as the worldwide recession has continued longer and more severely than was expected. These conditions are affecting particularly our South African operations, many of which are closely related to the depressed mining and contracting industries.

Consequently, the consolidated profits before taxation for the six months to 31st December 1982 have declined to £2,677,000 compared with £4,324,000 for the corresponding period in 1981.

As a result, however, of the acquisition last year of the substantial minority shareholding in our South African subsidiary, the decline in profits after deduction of taxation and minority interests is minimal.

This acquisition was partly financed by the issue of shares and consequently earnings per share for the half year, calculated on the greater number of shares in issue, show a decrease from 1.47p to 1.17p.

The decline in profits before tax does not portray a general downturn in all our activities but those that performed well, especially the civil engineering and contracting operations in Belgium and the chemical business in the United Kingdom, were unable to compensate for the poor results in other companies involved in engineering.

We are taking a number of steps to reduce our exposure to the more vulnerable engineering activities, particularly in South Africa, but the full benefits of these actions will not be felt until next year.

We have decided to declare the same interim dividend as last year but at this stage it would not be prudent to give a firm indication in respect of the final dividend. This will depend upon the outcome for the current year and upon a realistic assessment of the prospects for 1983/84 which will emerge when we come to prepare our budgets in three months time.

The interim dividend of 1.5 pence per share will be paid on 9th May 1983 to holders of Ordinary Shares on the register at the close of business on 25th March 1983 and, together with the Preference dividends, will absorb £1,095,000 (1981: £1,094,000).

P. P. Dunkley,
Chairman

Mitchell Cotts plc, Cotts House,
Camomile Street, London EC3A 7BJ

Unaudited Interim Results for the six months ended 31st December 1982

	Six months Dec. 1982 £000s	Six months Dec. 1981 £000s	Year June 1982 £000s
Turnover	206,709	190,563	387,625
Profit before Interest and Taxation	5,702	7,456	16,374
Interest	3,025	3,132	6,638
Profit before Taxation	2,677	4,324	9,736
Taxation	1,814	2,572	5,890
Profit after Taxation	863	1,752	3,846
Minority Interests	6	849	914
Profit before Extraordinary Items	857	903	2,932
Earnings per Share	1.17p	1.47p	4.40p
Extraordinary Items	(544)	2,445	717
Net Attributable Profit	313	3,348	3,649

ANGLOVAAL LIMITED

Incorporated in the Republic of South Africa

Interim report
for the half-year ended 31 December 1982

Financial Results

The unaudited consolidated financial results of the Company and its subsidiaries (excluding the mining subsidiary) are estimated as follows:

Year ended 30 June 1982 R000		Half-Years ended 31 December 1982 R000	1981 R000
1 549 520	Turnover	850 441	816 668
172 494	Profit before taxation	78 267	91 075
54 225	Taxation	28 628	32 240
118 269	Profit after taxation	49 639	58 835
69 153	Attributable to outside shareholders of subsidiaries	28 908	32 982
49 116		20 731	25 853
291	Preference dividends (including fixed portion of participating preference dividends)	145	145
48 825	Profit attributable to ordinary, "A" ordinary and participating preference shareholders	20 586	25 708
1 151 cents	Earnings per ordinary and "A" ordinary share	485 cents	606 cents
37 711	Capital commitments	44 081	45 353

Comparative figures for the half-year to 31 December 1981 have been restated to take account of the increase in the rate of taxation to 46.2 per cent announced subsequent to the publication of the interim report for that period.

Dividends declared or paid during the half-year

	1982	1981
Half-yearly dividends on the 5 per cent and 6 per cent preference shares	72	72
Interim dividend of 90 cents per share (1981—90 cents) on the ordinary and "A" ordinary shares	3 210	3 210
Interim dividend on the participating preference shares at a fixed rate of 5 per cent per annum plus a participation of 45 cents per share (1981—45 cents)	750	750

The final dividends on the ordinary, "A" ordinary and participating preference shares which were declared in June 1982 were paid on 30 July 1982.

Investments

The market value of the Company's listed investments at 31 December 1982 was R511 026 000 (1981—R408 143 000) compared with a book value of R103 328 000 (1981—R103 992 000).

General

Demand from those business sectors served by group industries declined. Market shares were generally held but sales volumes fell and turnover increased only marginally. The reduced throughput and intensified competition eroded profit margins and industrial earnings fell by 19 per cent. It is anticipated that industrial earnings for the six months to June 1983 will approximate those of the first half-year.

Income from mining investments was lower than for the same period last year. The improved gold and commodity prices experienced during the past six months should, however, improve income from mining investments during the second half-year.

For and on behalf of the Board
B. E. Hersov, DMS (Chairman)
Clive S. Menell (Deputy Chairman)
Directors

London Secretaries:
Anglo-Transvaal Trustees Limited
295 Regent Street
London W1R 8ST

Registered Office:
Anglovaal House
56 Main Street
Johannesburg 2001

UK COMPANY NEWS

LONDON RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
112	F.P.	16/3	146	129	Assoc. British Ports	143	.....	b7.0	1.8	7.0	15.5
§100	F.P.	22/4	105	100	Br. Kidney Pat. As.	105	....	—	—	—	—
§74	F.P.	21/1	158	103	Canvermoor	133	....	b3.64	2.0	5.9	15.1
§ d	F.P.	—	220	205	Grainger Trust	217	.....	u5.8	2.5	2.5	29.7
§38	F.P.	8/4	112	89	HB Elect Comps 10p	90	....	u1.12	5.2	1.8	20.2
§190	F.P.	4/3	388	305	Microgen	325	+10	b4.0	2.9	1.8	26.8
§155	F.P.	7/1	255	198	Munford & White	220	+5	b2.6	2.4	1.7	54.8
§93	F.P.	4/2	198	145	Resource Tech. 10p	155	.....	—	—	—	28.8
‖	F.P.	—	110	85	Sinclair (Wm.)	83	.....	;4.25	1.0	7.3	20.1
‖	F.P.	—	105	77	Do. Defd.	78	.....	—	—	—	—
175	F.P.	25/3	303	253	Superdrug Stores 10p	268	+2	bd3.5	2.4	1.9	31.6
120	F.P.	—	125	100	Swindon Priv Hos £1	108		—	—	—	—
§10	F.P.	11/3	29	22	Tele.Services Int 10p	23½	+1½	b0.2	3.3	1.2	56.0
§10½	F.P.	—	78	16	Tops Estates 10p	62	.....	—	—	—	—
§72	F.P.	30/3	107	89	Utd. Packaging 10p	95	+1	b2.5	3.2	3.8	10.1
§150	F.P.	18/2	340	265	WightCollinsR.S10p	284	−1	bd2.76	3.5	1.4	51.7
—	F.P.	3/3	25	21	Yorks & Lancs. W'rrnts	21	−1	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or −
97.504	F.P.	4/3	102	88¼	BOC 12¼% Uns. Ln. 2012-17	20¼	.....
99.431	£20	10/4	21⅞	12	Birmingham 11½% Red. 2012	15¾	+½
••	F.P.	—	224p	180p	Electro-Protective 7% Cnv. Prf.	185p	−2
97.183	£25	—	24½	24¼	Hambros Inv. 6-17% Stpd. Deb. 2018	24½	.....
¶	F.P.	29/7	100½	100	Mid Sussex Water 7% Red. Pref. '88-90	100¼	.....
—	—	—	100¼	99	Nationwide Bdg. Soc. 11⅞% Bds. 25/1/84	100¼	.....
—	—	—	100½	100	Do. 11⅞% Bds. 15/2/84	100⅜	.....
§97.174	£25	6/5	26½	22	Pearson (S.) 13% Uns. Ln. 2007	26½	+¼
96.55	£25	8/7	28½	23½	Sweden 13½% Ln. Stk. 2010	28½	+¼

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982/3 High	1982/3 Low	Stock	Closing price	+ or −
250	F.P.	26/2	28/4	317	273	AGB Research 10p	317	+2
8½	Nil	4/3	28/3	14pm	9pm	Audiotronic 8½p	14pm	+4½
50	F.P.	8/2	9/3	55	45	Cluff Oil 'B'	48	+3
73	Nil	7/3	15/3	32pm	12½pm	Dominion Int. 20p	29pm	−3
165	Nil	11/3	10/6	20pm	8pm	Geers Gross 10p	12pm	.....
90	F.P.	21/2	7/4	148	130	Grosvenor Group	148	+1
60	F.P.	14/1	11/2	79	65	ICL	75	+1
46	F.P.	14/2	11/3	60	51	LCP	60	+1
25	Nil	—	—	4pm	3pm	Mettoy	3½pm	.....
27	F.P.	21/7	7/4	35½	32	Mount Charlotte 10p	34½	.....
A$1.60	Nil	—	—	55pm	44pm	North B. Hill 50c	56pm	+5
93	F.P.	7/2	21/3	122	106	NSS News 10p	120	.....
60cts	Nil	11/3	—	2½pm	¼pm	Rand Lon. Corp. 15cts	½pm	+¼
58	F.P.	3/2	29/4	71	61	Stakis 10p	71	.....
400	F.P.	4/3	22/4	490	426	Ultramar	445	+5

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. ⌈⌉ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ⁜ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule.

COMPETITION STEPPED UP FOR PHONE SERVICE CUSTOMERS

Telecom opens network battle

BY GUY DE JONQUIERES

BRITISH TELECOM (BT) yesterday launched a major pre-emptive assault against Mercury Communications, its new, privately owned network competitor, which is due to start operating early next month.

BT's battle plan – presented in London to telecommunications managers from major companies – includes new services and the acceleration and expansion of others which it already offers to business customers.

The services, ranging from high-speed transmission of computer data to the supply of complete private communications networks on a turnkey basis, will be provided by BT's National Networks unit, which was created last summer specifically to compete against Mercury.

Mercury is a joint venture between Cable and Wireless, British Petroleum and Barclays Merchant Bank. It has been licensed by the Government to build an independent national communications network, on which it plans to offer advanced transmission service to large users.

Initially, Mercury will be limited to a microwave system in London, to be extended to Birmingham and Manchester. It plans to build an 800-mile optical-fibre cable system to link major English cities, at a total cost of £50m.

The principle competitive weapons which BT plans to deploy are:

- An expansion of its new Kilostream digital private circuit service, which will be extended to 250 exchange sites by the end of this year and to 400 by the end of next year. Individual circuits will be able to carry voice, data and text simultaneously, and BT this year will market a new range of "multiplexors," devices which expand circuit capacity. BT also took the unusual step of naming three large companies – Shell, Whitbread and Ford – which are already using Kilostream.
- Complete private network packages to corporate customers. These will include Local Area Networks, designed to link different places of business equipment in the same building. Two models are being marketed by BT, supplied by Ungermann-Bass and Sytek.
- An acceleration of the "packet-switched" data network, which has suffered from early teething troubles. The number of exchanges will increase from 12 to 20 this year, and new services, including electronic mail, are being launched.
- Modernisation of the Telex network and modification of the technical standards for it. This will enable manufacturers to make simpler and cheaper Telex terminals.
- Discounts of up to 15 per cent on international leased circuits for selected larger customers. BT said this was part of a new policy to negotiate bulk discounts to individual large users.

Mercury hopes a sizeable part of its business will be in carrying international communications between Britain and the U.S.

BT's decision to offer Local Area Networks through its Inland Division, which also operates the public telephone system, may prove controversial.

Local Area Networks are widely considered to be a competitive product, whereas BT's Inland Division is chiefly responsible for those areas of business which are not directly affected by the Government programme to liberalise equipment and services.

The Computing Services Association, many of whose members are already offering Local Area Networks on the open market, said it was "surprised" by the way in which BT had chosen to market the systems.

Burmah reconsiders decision to sell Quinton Hazell

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BURMAH OIL is reconsidering its much-publicised decision to sell the Quinton Hazell automotive parts and distribution network.

The holding company's results for 1982, to be announced within the next few weeks, are likely to show a pre-tax profit of more than £5m for Quinton Hazell – an improvement on the £4.1m of the previous year.

Burmah directors are likely to be influenced by the success of the QH management in boosting productivity, market share and turnover in the 15 months since the parent company announced it was up for sale.

Burmah, then in the midst of its unsuccessful takeover of Croda, told shareholders that QH would be sold because it was not central to the strategic development of the group.

The timing of the announcement was unfortunate, given the subsequent upheavals and troubles of the automotive industry, worldwide. There have been many approaches for QH but no deal has been struck.

Burmah, while retaining its commitment expressed at the time of the Croda bid to seek growth in the specialist chemicals market, may now feel that objective need not be incompatible with retaining QH.

Factors against QH are its manufacturing bias, its dependence upon the automotive sector and its West Midlands base.

But sales, at £175m, have increased. There has been expansion overseas, and some £8m has been invested over the past two years to raise productivity, cut costs and improve profitability.

Mr Ray Sollett, managing director, says productivity in the nine UK plants has been improved by up to 40 per cent. But because of growth in sales the UK labour force has been trimmed by only 700 to 4,300.

QH, whose traditional strength is in the replacement market, has worked hard to win orders for original equipment. This, Mr Sollett argues, is "incremental business" which gives volume, helps to spread overheads and cut costs.

Important in establishing QH's credibility for quality, is the contract gained from Austin Rover to supply water pumps for its new Maestro model.

Galliford directors expect reasonable full-year result

BY OUR FINANCIAL STAFF

FIRST-HALF profit from Galliford has been maintained, and for the full year to June 30, 1983, the directors believe a reasonable overall result can be achieved.

In the six months ended December 31, 1982, sales of the group – which is engaged in building and development, civil engineering, heating and ventilation – rose from £30.43m to £33.19m. Profit came out at £1.37m (£1.39m), subject to tax of £533,000 (£562,000).

Earnings for the period are shown at 3.32p (3.28p) and the interim dividend is being held at 0.7p net. For the full 1981-82 year, the dividend total was 2.7p, paid from a pre-tax profit of just over £3m.

The full-year figures will be greatly influenced by the performance of the civil engineering division and it is still premature to predict the outcome.

■ GALLIFORD
Building development and civil engineering

Half-year to Dec 31	1982	1981
	£	£
Sales	33.19m	30.43m
Pre-tax profit	–	–
Tax	–	–
Attributable profit	840,000	829,000
Earnings per share	3.32p	3.28p
Dividend	0.7p	0.7p

However, results from other activities are sufficiently encouraging to believe a reasonable overall result can be achieved.

Precision Engineering companies continued to incur losses, but further reorganisation and reduction in resources should improve the situation during the second half.

Chorley Engineering (Oil Services) made further progress, particularly in the North Sea, and the full year should see a continuation of the growth of the last few years.

Group results include a first-time contribution from Singapore-based Galliford Serinco and here again, Chorley achieved success in its first year of operation in the part of the world.

The original Singapore activities were affected by a substantial reduction in oil related demand, but ended the period on a sound note.

Private housing and building contracting had good opening periods and several completions in the second half should ensure a good result for the development company.

Mitchell Cotts down to £2.68m

By Our Financial Staff

AN UNCHANGED 1.5p net interim dividend is being paid by Mitchell Cotts, but the directors warn "that it would not be prudent to give a firm indication in respect of the final" – 2.12p last year.

For the six months ended December 31, 1982, group profit before tax has fallen from £4.32m to £2.68m. This, the directors point out, does not signify a general downturn in all of the activities but those that performed well, especially civil engineering and contracting in Belgium and chemicals in the UK, were unable to compensate for the poor results in other companies involved in engineering.

Steps are being taken to reduce exposure to the more vulnerable engineering activities, particularly in South Africa where they are closely linked to the depressed mining and contracting industries. Full benefits of these actions will not be seen until next year.

In past years, results of the first quarter have usually proved to be relatively modest, with the real contribution to profits only starting to flow through from the second quarter. The pattern is not being repeated this year as the worldwide recession has continued longer and more severely than was expected.

Sales for the six months under review showed an increase from £190.56m to £206.71m, while the profit was struck after interest charges of £3.03m (£3.13m). After tax, £1.81m (£2.75m) and minorities £6,000 (£849,000), the net attributable balances out at £857,000 (£903,000), for earnings of 1.17p (1.47p).

Crouch profits fall but dividend is unchanged

BY OUR FINANCIAL STAFF

THE PREDICTED downturn in Derek Crouch's 1982 profits has materialised in sharply lower pretax figures of £870,000 for the year, compared with £2.47m, after a midterm reduction from £1.23m to £410,000.

The dividend, however, is being held at 5.05p net with an unchanged final of 3.42p per 20p share, as indicated at last April's annual meeting.

Turnover for the year rose by £4.02m to £59.61m. At the trading level, profits fell from £4.48m to £2.61m, before reduced interest of £1.74m, against £2.03m.

Stated earnings per share dropped from 9.33p to 5.5p, after tax some £1m lower at £358,000 (£1.35m). Minority credits came to £170,000 (£49,000), but this time there was an extraordinary debit of £995,000.

The directors say that, although the National Coal Board has restricted outputs on certain contracts to contractual tonnages, the group's UK mining company continues to produce satisfactory figures.

In the U.S., Power Inc made an operating profit of £476,000 but after interest charges of £900,000 there was a £424,000 loss for the year.

In the past six months, coal prices have fallen substantially and, and as a result, output in the U.S. has been reduced, redundancies made and salaries cut.

The Power Inc coal preparation plant was commissioned in December and is proving invaluable in competing in present market conditions, say the directors.

■ DEREK CROUCH
Mining and construction

Year to Dec 31	1982	1981
	£	£
Sales	59.61m	54.89m
Pre-tax profit	874,000	2.47m
Tax	358,000	1.35m
Attributable profit	–	–
Earnings per share	5.5p	9.33
Dividend	5.05p	5.05p

The construction and sales companies suffered from the depressed state of the construction industry.

Because of difficulties in the past two years and taking account of future demand, it was decided to close the construction company operations in Yorkshire and East Anglia together with all sales company depots, except Peterborough.

The cost of these closures and all associated expenses have been provided for as an extraordinary item.

The construction company is diversifying into the private sector and has already started a small residential refurbishment project in Aberdeen.

The directors say 1983 prospects for the construction sector are not good. However, it is believed that in the longer term there is a basis for a stronger and viable business.

Refinancing agreed for Newman

BY DAVID DODWELL

SHAREHOLDERS at the extraordinary general meeting of Newman Industries yesterday approved refinancing plans, intended to raise £8.3m in cash, and add about £11.9m to shareholders' funds.

The Stock Exchange has also advised the deeply indebted fastenings, engineering and electric motors group, that it will not be necessary for the listing of the existing ordinary shares to be suspended, prior to a court hearing of a petition to reduce the company's capital and cancel its share premium account.

The refinancing package, agreed a month ago, is intended to resolve three years of growing debts and deepening losses. Pre-tax losses for the 1981 financial year, just released, amounted to £4.11m on sales of almost £78m. Loans and overdrafts at the end of last year amounted to about £28m, against shareholders funds of just £3m.

The refinancing package will trim nominal debt to about £18m. Interest payment costs in 1983 are expected to fall to £2.4m.

The Midland Bank, Newman's main banker, has agreed new secured term loans amounting to £10m, repayable over seven years, and with a two-year grace period. It has also agreed overdraft limits of £4m, and has continued to extend £5.7m backed by the export credits guarantee department.

Two institutions are at the centre of the financing – Finance for Industry and UK Temperance and General Provident. FFI is expected to hold a maximum 17.4 per cent of the company's shares, with UKT owning 29.3 per cent.

On completion of the refinancing package, Cycle and Carriage, the Singapore-based company which has for the past two years had a controlling interest in Newman will reduce its stake to a nominal 2 per cent. Cycle and Carriage extended about £8m to the company two years ago, and a further £1.4m last year.

Lonrho companies fail to force out amethyst 'secrets'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A HIGH COURT judge yesterday spoke of secret dealings in Zambian amethyst, involving two Southern African subsidiaries of Lonrho.

The Vice-Chancellor, Sir Robert Megarry, refused to grant the Lonrho companies – Northchart Investments, of Salisbury, Zimbabwe, and Coronation Syndicate, of Johannesburg – orders requiring the immediate production of accounts relating to the dealings.

The orders were sought against International Traders Crystals, a Liechtenstein amethyst trader controlled by Mr Dan Mayers, which had been the sole selling agent of the amethyst.

Crystals and Mr Mayers have been accused by the Lonrho companies of intending to dispose of certain amethyst stocks and sale proceeds for their own benefit but have denied being under any obligation to account.

The judge said it would not be right to order Crystals to account before the trial of a preliminary issue to determine what had been the contractual arrangements between the parties to the deals, in the context of which the accounting obligation had been raised.

He said the dispute concerned large quantities of low-grade amethyst produced in Zambia by Northern Minerals (Zambia). Northchart and Coronation between the owned 55 per cent of Northern's shares. Crystals owned another 20 per cent.

The price of amethyst depended to some extent on control being exercised over the quantity put on the market at any one time.

Northern had produced large quantities and had problems over the Zambian taxation of amethyst exports, and over maintaining a sufficient cash flow.

In 1968 Lonrho arranged with Mr Mayers to set up a Liechtenstein company, Blorg, with the same shareholding as Northern.

Blorg bought low-grade amethyst from Northern, and Crystals marketed it in appropriate quantities as Blorg's sole selling agent.

Blorg no doubt paid modest prices to Northern and sold at a substantially higher price, the judge said.

"This process," he said, "was carried on upon a secret basis, not least to prevent it coming to Zambian ears."

Some time later, as a result of investigations into Lonrho's activities by the Department of Trade and Industry and Scotland Yard, it was decided to replace Blorg by a consortium of its shareholders.

The judge said it seemed probable that sooner or later Crystals would have to provide some sort of accounts and explanations. It was, however, not unknown for someone who, on the face of it, should account, to be exempted from doing so.

UK COMPANY NEWS

BASE LENDING RATES

A.B.N. Bank	11 %	Gulf G'tee Trust Ltd.	12 %
Allied Irish Bank	11 %	■ Hambros Bank	11 %
Amro Bank	11 %	Hargrave Secs. Ltd.	11 %
Henry Ansbacher	11 %	Heritable & Gen. Trust	11 %
Arbuthnot Latham	11 %	■ Hill Samuel	§11 %
Armco Trust Ltd.	11 %	C. Hoare & Co.	†11 %
Associates Cap. Corp.	11 %	Hongkong & Shanghai	11 %
Banco de Bilbao	11 %	Kingsnorth Trust Ltd.	12 %
Bank Hapoalim BM	11 %	Knowsley & Co. Ltd.	11½%
BCCI	11 %	Lloyds Bank	11 %
Bank of Ireland	11 %	Mallinhall Limited	11 %
Bank Leumi (UK) plc	11 %	Edward Manson & Co.	12 %
Bank of Cyprus	11 %	Midland Bank	11 %
Bank Street Sec. Ltd.	10½%	■ Morgan Grenfell	11 %
Banque Belge Ltd.	11 %	National Westminster	11 %
Banque du Rhone	12 %	Norwich Gen. Tst.	11 %
Barclays Bank	11 %	P. S. Refson & Co.	11 %
Beneficial Trust Ltd.	12 %	Royal Trust Co. Canada	11 %
Bremar Holdings Ltd.	12 %	Roxburghe Guarantee	11½%
Brit. Bank of Mid. East	11 %	Slavenburg's Bank	11 %
■ Brown Shipley	11 %	Standard Chartered	‖11 %
Canada Perm't Trust	11½%	Trade Dev. Bank	11 %
Castle Court Trust Ltd.	11½%	Trustee Savings Bank	11 %
Cayzer Ltd.	11 %	TCB	11 %
Cedar Holdings	11 %	United Bank of Kuwait	11 %
■ Charterhouse Japhet	11 %	Volkskas Intl. Ltd.	11 %
Choulartons	11½%	Westpac Banking Corp.	11 %
Citibank Savings	¶ 9 %	Whiteaway Laidlaw	11½%
Clydesdale Bank	11 %	Williams & Glyn's	11 %
C. E. Coates	12 %	Wintrust Secs. Ltd.	11 %
Comm. Bk. of N. East	11 %	Yorkshire Bank	11 %
Consolidated Credits	11 %		
Co-operative Bank	*11 %		
The Cyprus Popular Bk	11 %		
Duncan Lawrie	11 %		
E. T. Trust	11½%		
Exeter Trust Ltd.	12 %		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13 %		
Robert Fraser	11½%		
Grindlays Bank	‡11 %		
■ Guinness Mahon	11 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8%. 1-month 8.25%. Short-term £8,000/12-months 10.6%.
† 7-day deposits on sums of: under £10,000 8%, £10,000 up to £50,000 8¾%, £50,000 and over 9½%.
‡ Call deposits £1,000 and over 8%.
‖ 21-day deposits over £1,000 9%.
§ Demand deposits 8%.
¶ Mortgage base rate.

TCB expands to more than £5m

THE GROWTH of the loan book was directly behind a 34 per cent increase in pre-tax profits at TCB from £3.77m to £5.05m for 1982, according to Mr Oliver Brooks, the chairman. The loan book of this wholly owned banking subsidiary of P & O was up by £40m to £113m.

Mr Brooks points out that growth has not been achieved at the cost of quality: "It does not stem from any diminution of our standards or departures from the guidelines to which we adhere," he says.

The rise in the loan book and the consequent increase in funding requirements meant that gearing was up by more than two points—at 7.6:1 compared with 5.4:1 at the end of 1981. The bank regards 8:1 as a prudent limit.

Authorised capital was increased from £10m to £15m before the year end and since then on February 3 the parent company subscribed in cash for a further £3m of the 25p ordinary shares at par.

Paid-up capital stands at £13m—a further £2m will be made available if required by the further expansion of the loan book in 1983.

Mr Brooks reports that other activities have expanded through the year. Corporate advice produced a "worthwhile level" of fee income and profit, and the bank has assisted larger corporate customers in bids for public companies. Investment management is also now being undertaken.

The subsidiary, Factors Trust, based in Bristol, made a small profit in its first full year. Another subsidiary, Tower Acceptances, offers hire purchase facilities on a selective basis mainly in the Southend area, and has expanded its business with "satisfactory results."

After tax of £954,000 (£26,000) and minorities this time of £1,000, attributable profits emerged at £4.09m (£3.74m) from which dividends took £2.31m (£2.5m).

The balance sheet revealed bank borrowings up from £31.2m to £53.42m and deposit, current and other accounts ahead from £14.16m to £25.62m. The amount due from customers and other assets increased from £75.57m to £117.85m.

Celtic Haven down and warns on second half

REDUCED pre-tax profits have been shown by Celtic Haven from £188,812 to £105,318 for the half year to the end of September 1982. *And the directors warn that the second half will show a pre-tax profit down to about £40,000 against £214,479 last time.*

They say that a tax credit of about £90,000 will be available to the profit and loss account, following settlement of group liabilities of an earlier year.

Turnover of this Dyfed-based engineer and steel fabricator amounted to £464,033 compared with £1.08m.

The net interim dividend is held at 0.25p. Earnings per 5p share were given as slipping from 1.8p to 1p. In the last full year a total of 0.75p was paid.

In the last full year pre-tax profits amounted to £403,291 (loss £93,304) and the directors said that the subsidiary Barn Lake Engineering, which had contributed £261,060 to profits, would go through a difficult period before further developments could take place in its operations. They expected profits in the current period to be considerably lower.

The company announces that contracts have been exchanged for the acquisition of Andrich Construction and Tycroes Plant from Mr and Mrs D. C. Williams. Completion is anticipated on April 21 1983.

Andrich carries out construction work on building sites, mainly providing road, sewers and drainage, while Tycroes hires out plant and machinery.

The aggregate consideration for the shares in Andrich and Tycroes is £425,000, to be paid as follows: cash £325,000, 250,000 Celtic ordinary shares equal to £50,000 and Celtic 12 per cent unsecured loan stock (1984-88) equal to £50,000.

Loan stock is to be issued in a series of five unsecured loan notes of £10,000 each with interest payable at 12 per cent per annum. Repayment at par at the rate of one note each year will commence on March 31 1984.

The value of the consolidated net tangible assets of Andrich at August 31 1982 adjusted as considered appropriate by the reporting accountants, was £382,000. Consolidated net profits before tax (similarly adjusted) for the six months to the end of August 1982 were £135,000 and for the year to February 28 1982 were £126,000.

Wintrust tops £1m mark at interim stage

For the first time, profits of merchant banking concern, Wintrust, have exceeded the £1m mark at the interim stage. Pre-tax figures for the six months to September 30 1982 moved ahead from £905,934 to £1,010,249.

The directors say the highly satisfactory trend of profitability has continued since the half year and they have every expectation that the profits for the full year will again be at a record level.

Mid-year earnings per 20p share increased by some 55 per cent from 4.38p to 6.8p. An increased second interim of 1.21p (1.1p) net makes a total payment to date of 1.31p (1.2p) per share—last year's final was 2.35p on £1.93m taxable profits.

PIRAN TENDER FOR WESTMINSTER PROP.

Saint Piran's tender offer for 1.77m ordinary shares of Westminster Property Company has closed. Saint Piran requested accountants to report on the acceptances and will notify the quotations department when the result is known. Saint Piran says that acceptances exceed the minimum requirement and therefore the tender offer is not void.

Profit and payment up at Brooks Watson

WITH THE exception of farm machinery, all trading divisions of Dublin-based Brooks Watson Group achieved satisfactory results in the year ended 1982, and overall profit rose from I£1.58m to I£2.28m, or from sterling £1.43m to £2.06m at current exchange rates.

Earnings are shown at 6.05p, against 3.57p, and the dividend is lifted from 2.25p to 3p net with a final of 2.25p.

Apart from farm machinery, the company is interested in food wholesaling and retailing, pharmaceuticals, water treatment and pollution control, and civil engineering. The builders' merchants side was sold at the end of 1981. Turnover last year came to £122.65m, compared with £137.17m.

The directors report that further rationalisation of the farm machinery business was implemented during the year and will benefit the 1983 results.

Tax takes £1.22m (£973,000) to leave the net profit at £1.06m (£608,000). There is credited sundry capital reserves released during the year £21,000 (£71,000), and gain on net translation of opening net liabilities of foreign subsidiaries £21,000. In 1981 there was an extraordinary debit of £2.67m, less capital reserves released on the sale of the builders' merchant division of £2.87m.

Cadbury Schweppes Australia

AFTER TAX profits of Cadbury Schweppes Australia, which is 62 per cent-owned by the UK soft drinks, confectionery and foods group, rose to A$13.66m for the year to January 1, 1983, an improvement of 27.7 per cent over the previous year's A$10.7m.

Group sales expanded by $27.17m to $284.04m, an increase of 10.6 per cent. At the trading level, confectionery profits advanced by 19.5 per cent to $11.85m on sales 9.5 per cent ahead at $138.02m. Trading profits of the drinks division rose by 13.7 per cent to $10.56m from sales 11.6 per cent higher at $146.03m.

A final dividend of 4.25 cents makes a total of 8 cents, a 20 per cent increase after adjusting for the 1982 bonus issue.

The surplus for the year was struck after deductions of $1.13m ($1.17m) for interest charges, $6.88m ($5.74m) for depreciation and $11.6m ($8.95m) for tax.

GrandMet ahead in first 4 months

CURRENT TRADING of hotels to oils group Grand Metropolitan had started well and profitability in the first four months was ahead of the same period last year, Mr Stanley Grinstead, chairman, told shareholders at the AGM.

He said little had changed since his annual statement but since then one or two factors had emerged to show things were beginning to turn. In the U.S. the indicators suggested an upturn in January which had generated optimism so that people were beginning to feel more confident.

In the UK there were signs that the economy was beginning to improve, although the prospects for a strong recovery seemed decidedly fragile.

At the meeting the GrandMet chief ran into criticism of the group's £6,000 a week salaries to two of its key executives—whom it refuses to name.

Mr Rodney Bickerstaffe, general secretary of the National Union of Public Employees, described the contrast with the £111 a week paid to refuse collectors taken on by the company in its contract services business as "absolutely obscene." He warned that the whole area of contract services was "political dynamite" which threatened the good reputation of the group. He also pressed for information concerning the profits made in this activity.

Mr Grinstead said the group felt it legitimate to take on the work now being farmed out by local authorities and the wage rates, which were always thoroughly revised, were competitive. He added: "No one has to work for us."

Allied Textile stresses leasing side's importance

THE IMPORTANCE of the Allied Textile Companies' leasing activities is stressed by Mr J. E. Lumb, the chairman, in his annual statement with accounts.

Members are told that the gross value of finance leases at September 30 1982 was £7.41m, partly financed from group resources, and the remainder amounting to £4.09m by funds raised by ATC Leasing in the money market.

After allowing for the cost of interest on finance at prevailing market rates, both from within the group and on external borrowings, ATC Leasing operated profitably and contributed to group results, Mr Lumb states.

The chairman also reveals that the market value of quoted investments exceeded cost by £1.35m, against £0.35m a year earlier.

As reported on February 1, group pre-tax profits for the year ended September 30 1982 were little changed at £3.19m, against £3.11m before.

The latest accounts are again qualified by the auditors, Armitage & Norton, who draw shareholders' attention to the statement of accounting policies dealing with accounting concepts.

This indicates that the break up value concept has been applied to the financial statements of certain activities which continue to be under threat of termination because of the current economic situation.

The auditors say they have been unable to verify provisions totalling £255,000, before tax, made by the directors as part of the extraordinary items charged in the Profit and Loss Account to cover the estimated costs of further rationalisation which the directors consider will take place during 1983.

Meeting, Highburton, near Huddersfield, March 31, 11.00 am.

RESULTS AND ACCOUNTS IN BRIEF

PRESTIGE GROUP (manufacturer of housewares)—Results for 1982 and prospects reported February 2 1983. Group fixed assets £8.32m (£8.45m). Current assets £30.52m (£28.88m) including cash and short-term deposits £7.35m (£3.71m). Current liabilities £10.54m (£9.32m). Net assets £28.12m (£26.38m). Payment to former director £37,000. Meeting, Prestige House, 14-18 Holborn, EC, March 23, noon.

FAMILY INVESTMENT TRUST—For year to January 31 1982: final dividend 3.9p net (3.6p) per 25p share making 6.3p (6p): stated earnings per share 6.19p (6.12p): net assets per share 182.5p (133.8p): net earnings £272,539 (£269,163): tax £117,213 (£128,555): bank interest £1,476 (£308): administration expenses £56,844 (£53,493): gross revenue £448,072 (£451,519) including investment income £419,206 (£395,462): valuation of investments £7.87m (£5.85m). Meeting: May 4, 2.30 pm.

G. F. LOVELL (confectionery maker)—Dividend for year ended October 30 1982 reduced to 2p (4p): Kirby and West has waived entitlement on some 78.8 per cent of capital. Turnover £3.09m (£4.16m) and loss £18,000 (profit £78,000). Tax £1,000 (£45,00) and extraordinary credit £46,000 (nil). Loss per share 2.75p (earnings 3.1p).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Beradin, Courtney Pope, Lister.

Finals—Ault and Wiborg, Isle of Man Enterprises, Rock Darham, Stockholders Far East Investment.

FUTURE DATES

Interims—	
Beradin	Mar 4
Boulton (William)	Mar 9
Clark (Matthew)	Mar 10
Finals—	
Banro Industries	Mar 24
Cambridge Electronic Inds.	Mar 14
Guest Keen and Nettlefolds	Mar 17
Hepworth Ceramic	Mar 24
Hewitt (J.) (Fenton)	Mar 15
Kleinworth, Benson, Lonsdale	Mar 29
Macallan-Glenlivet	Mar 25
Merchants Trust	Mar 14
Mount Charlotte Investments	Mar 8
Sun Alliance and London Ins.	Apr 6
Swedish Match	Mar 11

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

Series		March Vol.	Last	June Vol.	Last	Sept. Vol.	Last	Stock
D·FL C	F.265	--	—	10	6	1	8.50	F.267.70
D·FL P	F.260	5	0.30	2	5	1	8	"
D·FL P	F.265	21	1.60	--	—	1	12	"
D FL P	F.270	2	4	—	—	—	—	"
D·FL P	F.275	5	7.50	5	13.50	—	--	"
D FL P	F.280	5	15	—	—	—	—	"
		May		Aug.		Nov.		
GOLD C	$400	47	59	9	78	20	94	$429.25
GOLD C	$425	29	42	3	60	—	—	"
GOLD C	$450	122	30	33	53	13	64	"
GOLD C	$475	243	20	12	43.50	3	53	"
GOLD C	$500	86	15	25	31	12	43	"
GOLD C	$550	101	6.60 B	31	20	10	34	"
GOLD P	$350	25	3.50	—	—	--	--	"
GOLD P	$375	29	6 B	—	—	—	—	"
GOLD P	$400	64	11.50	20	18 A		—	"
GOLD P	$425	67	17	13	31 B	—	—	"
GOLD P	$450	116	31	10	37	5	47	"
GOLD P	$475	27	45	14	51	—	-	"
GOLD P	$500	1	69 B	—	—	—	—	"
12¾ NL 81 87-91								
C	F.130	—	—	160	6.50	150	6.30	F.135.50
C	F.135	25	2.50	3	3	—	—	"
C	F.140	10	1	3	1.80 A	13	2	"
P	F.130	—	—	8	2	—	--	"
P	F.135	1005	2.50	5	4	—	—	"
P	F.140	—	—	—	—	550	8	"
10¾ NL 80 86.95								
C	F.105	7	10.80	—	—	—	—	F.116.20
C	F.110	2	6.20	—	—	—	--	"
C	F.112.50	5	4	12	5	--	—	"
C	F.115	5	2.30	—	—	—	—	"
11¼ NL 82 88-92								
C	F.107.50	2	10	—	—	—	—	F.117.80
C	F.120	—	-	150	1.80	—	—	"
10½ NL 82 86-89								
C	F. 105	10	7.20	—	—	—	—	F.112.40
7¾ NL 82 89-93								
C	F.100	5	2.80	2	3.40	—	—	F.101.60
C	F.102.50	50	0.90	—	—	—	—	"
7½ NL 83 87-90								
C	F.100	18	1.70A	--	—	—	—	F.100.60
P	F.100	2006	0.80A	—	—	—	—	"
		April		July		Oct.		
ABN P	F.320	275	2	—	—	—	—	F.352
ABN P	F.340	62	5.50	—	—	—	—	"
AKZO C	F.35	126	14	—	-	—	—	F.46.60
AKZO C	F.40	220	9.10	94	9.30	--	—	"
AKZO C	F.45	507	5	336	6.40	—	--	"
AKZO C	F.50	584	2.80 A	198	3.70	—	—	"
AKZO P	F.40	—	—	60	1.10	...	—	"
AKZO P	F.45	75	1.30	122	2.40	—	—	"
AKZO P	F.50	—	—	110	5	—	--	"
AMRO C	F.45	177	6.80	—	—	—	—	F.61.80
AMRO C	F.50	380	3.50	123	4.20	—	—	"
AMRO P	F.45	294	0.60	—	—	—	—	"
AMRO P	F.50	68	1.50	116	2.50	—	—	"
HEIN C	F.120	377	5	—	—	—	—	F.117.50
HEIN P	F.120	210	6	—	—	—	--	"
HOOG C	F.17.50	141	4.50 A	—	—	—	—	F.21.50
HOOG P	F.17.50	—	—	—	—	65	1	"
KLM C	F.150	101	18.50	-	—	—	—	F.164
KLM C	F.160	135	13	—	—	—	—	"
KLM C	F.170	135	7.60	67	11	—	—	"
KLM P	F.120	102	0.50	—	--	—	--	"
KLM P	F.130	139	1	—	—	—	—	"
KLM P	F.140	151	2.10	—	—	—	—	"
KLM P	F.160	—	—	—	—	69	16.50 B	"
NEDL C	F.100	108	10	—	—	—	—	F.108.50
NATN C	F.130	108	12	14	13	—	—	F.141.50
PHIL C	F.30	162	5.20	96	5.40	--	—	F.35.10
PHIL C	F.32.50	85	3.50	46	4	41	5.20	"
PHIL C	F.35	94	1.50	106	2.90	51	3.50	"
PHIL C	F.40	130	0.60	234	1.50	148	2.10	"
PHIL P	F.32.50	40	0.50	210	1.20 A	36	1.50	"
PHIL P	F.35	149	1.20	9	2.10	—	—	"
RD C	F.100	296	3.10	32	4.90	80	6.10	F.95.80
RD C	F.110	203	1	15	2.30	21	3.10	"
UNIL C	F.200	93	6.10	112	9.60	17	12	F.194
UNIL C	F.220	46	2.30	63	4.50	—	—	"

TOTAL VOLUME IN CONTRACTS 16,373

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		CALLS April	July	Oct.	PUTS April	July	Oct.
BP (USP 312)	260	54	—	—	3	—	—
" "	280	34	—	—	7	—	—
" "	300	20	32	40	16	22	26
" "	330	6	16	25	38	42	46
" "	360	2	7	—	66	70	—
CGF (USP 509)	390	122	127	—	2	4	—
" "	420	92	97	—	5	12	—
" "	460	57	70	80	12	24	30
" "	500	30	45	55	27	37	45
" "	550	14	27	37	57	65	75
" "	600	7	14	22	107	110	112
CTD (USP 89)	70	22	23	25	1½	2	3½
" "	80	13	15	17	2	4	6
" "	90	6	8	10	6	8	9
CUA (USP 133)	120	15	17	—	3	5	—
" "	130	7	11	15	8	9	10
" "	140	3	6	10	16	17	17½
" "	160	1½	3	5	35	36	37
GEC (USP 208)	180	34	42	50	2	5	9
" "	197	20	..	—	5	—	—
" "	200	—	26	33	—	14	18
" "	217	9	—	—	16	—	—
" "	220	—	16	24	—	24	30
" "	237	3	—	—	32	—	—
" "	240	—	7	—	—	39	—
" "	260	1	4	—	55	56	—
GMH (USP 361)	240	2	—	—	1	—	—
" "	260	106	—	--	1	..	—
" "	280	86	90	—	1	3	—
" "	300	65	71	—	2	4	—
" "	330	38	46	51	4	7	9
" "	360	20	30	36	13	17	20
" "	390	8	18	23	31	33	36
ICI (USP 392)	260	136	—	—	2	—	—
" "	280	116	—	—	2	—	—
" "	300	96	102	—	2	3	—
" "	330	66	72	—	3	4	—
" "	360	38	50	58	7	10	16
" "	390	16	28	38	20	26	32
" "	420	6	15	20	42	44	48
LS (USP 315)	240	80	—	—	1	—	—
" "	260	60	66	73	2	3	7
" "	280	41	47	53	4	6	11
" "	300	23	30	39	6	9	14
" "	330	8	17	26	19	23	27
M & S (USP 204)	160	48	—	—	1½	—	..
" "	180	28	34	39	2	5	7
" "	200	14	22	28	7	11	15
" "	220	6	11	16	19	22	25
" "	240	2	5	—	38	41	—

Option		CALLS Apr.	Jul.	Oct.	PUTS Apr.	Jul.	Oct.
SHL (USP 436)	360	68	—	--	—	—	—
" "	390	38	46	52	6	10	14
" "	420	16	26	36	18	24	30
" "	460	4	9	16	46	52	56
Option		CALLS May	Aug.	Nov.	PUTS May	Aug.	Nov.
BBL (USP 463)	360	110	112	—	2	4	—
" "	390	80	82	—	4	8	—
" "	420	50	55	65	9	17	22
" "	460	20	30	46	24	28	40
IMP (USP 116)	90	29	—	—	1	—	—
" "	100	19	—	—	1	—	—
" "	110	13	17	21	4	5	7
" "	120	7	11	15	8	10	12
" "	130	3	6	8	15	17	19
LMO (USP 249)	220	47	57	60	8	16	20
" "	240	37	45	52	16	27	30
" "	260	25	35	40	25	34	37
" "	280	16	22	27	42	47	52
" "	300	6	12	—	55	62	—
" "	330	3	5	—	85	87	—
" "	360	2	—	--	115	—	—
" "	390	2	—	—	145	—	—
LNR (USP 84)	80	8	10	12	3	5½	6½
" "	90	3½	6	7	8	11	12
" "	100	1½	3	4½	17	20	21
P & O (USP 140)	100	41	43	—	1	2	—
" "	110	31	33	—	2	2	—
" "	120	21	24	28	2	6	10
" "	130	12	17	20	6	10	15
" "	140	8	12	15	10	15	20
" "	160	3	—	—	24	—	—
RCL (USP 462)	420	57	67	80	5	8	12
" "	460	32	42	55	22	32	40
" "	500	13	27	36	50	57	68
" "	550	5	11	--	96	99	—
" "	600	2	6	—	145	149	—
" "	650	2	—	—	195	—	—
RTZ (USP 507)	390	125	—	—	1	2	—
" "	420	95	100	—	2	—	—
" "	460	57	75	—	10	18	—
" "	500	37	50	60	25	37	48
" "	550	17	23	34	50	57	65
VRF (USP 107)	60	2	—	—	1	-	—
" "	70	2	—	—	1	—	—
" "	80	2	—	—	2	—	—
" "	90	22	26½	—	4	8½	—
" "	100	14½	18½	21½	7	10	11½
" "	110	10½	13	16½	11	15½	17
" "	120	7	9½	12½	17	21½	23
" "	130	4	7	9	23½	27	30
" "	140	2½	4½	6½	33½	—	40

Mar. 3 Total Contracts 1,881 Calls 1,484 Puts 397

هكذا اصه الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

'Asset Builder'	60 9	64 1	-0 3	—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511.

Money Mngr Mar 3	56.8	59.5	-0 4	—
MM Flexible Mar 3	47 7	50 3	-0.5	—
Fixed Interest Mar 1	52.3	55.1	-0 6	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179

Equity	203 9	210 0	....	—
Fixed Interest	152.5	153 2		—
Property	158 7	153 4		—
Deposit	137.8	137 8	..	—
Mixed	176 1	179 1		—
Indexed Stk.	113 4	113 9	....	—

London Life Managed Funds Ltd.

Equity (P.)	144 0	149 0		—
Fixed Int. (P.)	152 9	154 0	....	—
Property (P.)	116 5	120 5		—
Deposit (P.)	115.3	115 3	..	—
Mixed (P.)	138 6	142.1	...	—
Indexed Stock (P.)	119 5	120 3	....	—

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	264 2	—	+0 1	—
Invest. Tst. Fd. Acc.	273 0	—	+0.2	8.7
Property Fund Cap	116 0	—		—
Property Fund Acc.	119.8	—		3.3
Flexible Fund Cap.	172 4	—	+0 9	—
Flexible Fund Acc	177 8	—	+0.9	2 7
Fixed Int. Fd. Cap	133 6	—	+0.5	—
Fixed Int. Fd. Acc.	138.2	—	+0.6	—
Gtd. Deposit Fd. Cap.	137.1	—		—
Gtd. Deposit Fd. Acc	140 7	—	+0 1	—
Equity Fund Cap.	138 0	—	+1 6	—
Equity Fund Acc	142 1	—	+1 7	—
International Fd. Cap.	133 6	—	+0.2	—
International Fd. Acc.	137 4	—	+0.2	—
Capital Gwth. Fd.	388 9	—	+2.7	—
Moneymaker Fund	156.1	—	+0 6	—
Exempt Inv Tst Cap	368 6	—	+0 4	—
Exempt Inv Tst Acc.	371 1	—	+0 4	—

[illegible]

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU 01-680 0606

Property Fund		282 0	....	—
Property Fund (A)		274 8	.	—
Agricultural Fund		1052 7		—
Agric. Fund (A)		1026.8		—
Abbey Nat. Fund		223 2	.	—
Abbey Nat. Fd. (A)		222 4		—
Investment Fund		127 4	..	—
Investment Fund (A)		125.8	.	—
Equity Fund	384 0	—	+4.3	—
Equity Fund (A)	377 8	—	+4.3	—
Money Fund		206.3		—
Money Fund (A)		202 8	.	—
Actuarial Fund		201 0		—
Gilt-edged Fund	180 9	—	+0 8	—
Gilt-Edged Fd. (A)	180 9	—	+0.8	—
Retire Annuity		342 7	.	—
Immed. Ann'ty		190 0	.	—
International Fd.		233.0	.....	—

Property Gth Pens & Annuities Ltd

All Weather Ac. Uts.	237 4	250 0	...	—
Inv. Fd. Uts.		266.8	....	—
Pension Fd. Uts.		238 0		—
Conv. Pens. Fd.		268 6		—
Cnv. Pns. Cap. Ut.		205 5		—
Man. Pens. Fd.		297 3	..	—
Man. Pens. Cap. Ut.		236.4		—
Prop. Pens. Fd.		267 6	.	—
Prop. Pens. Cap. Uts.		207.2	....	—
Bldg. Soc. Pen. Ut.		238 3		—
Bldg. Soc. Cap. Ut.		186.9	.	—
Gilts Pens. Fd		156 4	+0.8	—
Gilts Pens. Fd. Cap.		140 0	+0 7	—
Equity Pens. Fd	226 7	—	+5.6	—
Equity Pens. Fd. Cap.	202 8	—	+5.1	—

Providence Capital Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Equity Acc.	94 7	100 0		—
Fixed Interest Acc.	86 4	91.2		—
Intnl. Acc.	77.5	81.8		—
Managed Acc.	85 9	90 6	.	—
Property Acc.	106 7	112 6	.	—
Money Acc	71 4	75 4		—
Special Market Acc.	64 3	67 9		—
Japan Acc.	50 2	53 0		—

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

NOTES

[illegible]

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for March 3.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 14¼ 89	75	113⅛	113⅝	+0⅛	+1⅜	11.08
Amro Bank 13 89	200	105⅞	106⅜	+0⅛	-0⅝	11.59
BHP Finance 14⅜ 89	150	109¼	109¾	-0⅛	+1⅞	12.43
British Col Hyd 14⅞ 89	200	114½	115	+0⅛	+1½	11.28
British Col Hyd 15¼ 92	150	118	118½	-0⅛	-1⅜	11.88
Canada 14⅞ 87	750	111¾	112¼	0	-0⅛	10.59
Canadair Ltd 12½ 89	175	105¾	106¼	0	-0¼	11.15
Canadian Wheat 11¼ 90	50	101½	102	-0⅛	+1½	10.88
Can Pac Ltd 14⅝ 92	75	111¼	111¾	0	+1⅝	12.43
Can Pac Sec 15 89	75	109½	110	-0⅛	-0¼	12.65
Citicorp O/S 15 84/92	100	104¾	105¼	-0⅛	-0⅛	9.98
Coca Cola Int 9⅞ 92	100	25	25½	+0⅝	-0¾	10.68
Coca Cola Int 11¾ 89	100	106⅜	106⅞	0	-0⅛	10.28
[illegible]						
Prudential O/S 12¾ 87	150	107	107½	0	0	10.64
Quebec Hydro 11½ 92 D	100	100¾	100⅞	+0⅛	+0¾	11.37
R J Reynolds 12¾ 89	100	105⅝	106⅛	-0⅛	-0⅛	11.48
Saskatchewan Prov 15 92	150	116½	117	+0¼	+2	11.91
Shell Canada 14⅜ 92	125	111¼	111¾	0	+1½	12.28
Swed Exp Credit 14¾ 90	100	108½	109	0	+0¾	12.79
Swiss Bk Corp 10¼ 90	125	100⅝	101⅛	+0¼	+0½	10.05
Texaco Capital 9¾ 90	150	95¾	96¼	0	+0½	10.58
U.B.S. 10⅜ 87	200	104¼	105¼	+0⅛	+0½	9.48
U.B.S. 11 89	150	104	104½	+0½	+0⅝	10.07
Walt Disney Pro 12½ 89	75	104⅜	104⅞	-0⅛	-0⅜	11.39
World Bank 10⅝ 88	150	98⅞	99⅜	0	0	10.59
World Bank 10⅞ 93	100	98⅝	99⅛	+0⅛	+0¼	11.65
World Bank 11⅛ 98	100	98⅞	99⅜	0	+0⅝	11.24

Av. price changes: on day +⅛, on week +½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 8¼ 92	80	100⅜	101⅛	+0⅛	-0½	8.05
Asian Dev Bank 8¼ 92	150	100⅛	100⅞	+0⅝	-0¾	8.16
Australia 6⅞ 93	200	98½	99¼	+0⅛	+0½	7.03
Australia 7¾ 92	200	103¼	104	+0⅛	+0¾	7.21
Bank of Tokyo 7⅛ 90	100	97⅞	98⅝	+0¼	+0½	7.58
Bayer Capital 7⅛ 89	150	102⅞	103⅝	0	+0½	6.99
Beecham Fin 8⅛ 92	125	102⅝	103⅛	0	0	7.70
Caisse Nat Energie 8 93	100	100⅛	100⅞	+0¼	+0⅝	7.92
[illegible]						

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						
Japan Dev Bk 5¼ 92	100	101	101¼	0	-0⅝	5.16
KLM Dutch Air 6¼ 92	80	102½	102¾	0	-1⅛	5.88
Kyushu Elec Power 6 92	100	100½	100¾	0	-1⅜	5.91
Manitoba Prov 5¾ 93	100	100½	100¾	-0⅛	-0⅛	5.17
New Zealand 5¼ 92	100	102	102¼	+1½	+0⅛	4.97
Nippon Express Co 6 93	50	100¾	101	-0½	-1⅜	5.88
Nippon Kokan 5⅝ 93	100	97	97¼	+0½	-0¾	6.02
Nisshin Steel Co 6⅜ 92	100	101	101¼	0	-0⅛	6.21
O.K.B. 6¾ 93	60	101⅞	101⅝	+0⅛	+0⅛	6.54
Philip Morris 5¼ 92	100	102¾	103	-0¼	-0⅜	4.87
Quebec 5¾ 92	100	103	103¼	0	0	5.33

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Bank of Tokyo 5¼ 91 (D)	0⅛	100	100½	10/6	9¾	9.73
B.F.C.E. 5¼ 88	0¼	98⅞	99⅜	20/7	9⅛	9.33
B.F.C.E. 5¼ 87	0¼	99½	99¾	27/7	9.94	9.97
Caisse Nat Tels 5¼ 90	0¼	99	99½	21/4	10.56	10.64
Cepme 5¼ 92	0¼	99¾	99⅝	10/6	9.94	9.99
Chemical NY 5¼ 94 ††	0¼	100¼	100¾	23/3	9.94	9.89
Credit Agricole 5¼ 97	0¼	99	99½	24/3	12⅞	12.97
Credit du Nord 5¼ 92	0¼	99	99½	23/6	10½	10.20
Credit Lyonnais 5¼ 97	0¼	98	99½	1/4	12.19	12.28
Credit Lyonnais 5¼ 94	0¼	99⅜	99⅞	5/7	9¾	9.79
Credit Nat 5¼ 94 ††	0¼	98⅝	99⅛	9/3	12.18	12.32
E.D.F. 5⅛ 95 XW	0⅛	99	99½	10/8	10	10.09
Kansallis Osake 5½ 92	0¼	99⅝	100⅛	6/5	10.06	10.05
Lloyds Eurofin 5¼ 93 §	0¼	100⅛	100⅝	29/4	10.56	10.52
Long Term Cred 5⅛ 92	0⅛	100	100½	27/5	10⅛	10.11
J P Morgan 5¼ 97 §	0¼	100⅛	100⅝	12/5	9½	9.45
Nat West Fin 5¼ 91 §	0¼	100⅛	100⅝	15/7	9¼	9.22
New Zealand 5¼ 87	0⅛	100¼	100¾	7/4	12½	12.44
NZ Steel Dev 5¼ 92	0¼	100⅛	100⅝	22/6	10.19	10.15
Nippon Credit 5¼ 90	0⅛	100⅛	100⅝	10/8	9⅞	9.84
Offshore Mining 5¼ 91	0¼	100⅛	100⅝	2/6	10.44	10.40
Scotland Int 5¼ 92	0⅛	99½	100¼	23/3	13¼	13.30
Sec Pacific 5¼ 91	0⅛	100⅛	100⅝	24/5	10.06	10.02
Société Générale 5¼ 95	0¼	99⅝	99⅞	1/9	9½	9.56
Standard Chart 5¼ 91	0⅛	100⅛	100⅝	18/5	10.69	10.65
Sweden 5¼ 93	0¼	99¼	99¾	3/8	10.19	10.24
Sweden 5¼ 89	0⅛	99⅛	99⅝	26/8	9⅝	9.66

Av. price changes: on day 0, on week +⅛

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	94⅛	95⅝	-1¾	8.23
Bridgestone Tire 5½ 96	3/82	470	98⅞	100⅜	-0¼	1.29
Canon 7 97	7/82	748.2	167¾	169¾	-4½	6.19
Fujitsu Fanuc 4½ 98	10/81	5614	98¼	100	+0¾	14.48
Hitachi Cable 5¼ 98	2/82	515	93⅛	94⅝	-1⅛	6.12
Hitachi Credit Corp 5 98	7/81	1612	86⅞	88⅜	-1¼	24.81
Honda Motor 5½ 97	3/82	759.6	111⅞	113⅜	0	8.43
Kawasaki 5⅜ 98	9/81	229	68⅝	70⅛	-0¾	23.54
Kumagai Gumi 6½ 97	10/82	400	110⅝	112¼	-0¾	1.88
Kyowa Hakko 6¼ 97	2/83	762	104	105¼	-2⅛	12.35
Marui 6 96	7/81	759.5	118⅛	119⅝	+0½	4.03
Minolta Camera 5 96	10/81	828.4	68½	70	-0½	25.43
Murata 5¼ 98	7/81	1971	91⅞	93⅜	-1⅜	18.38
NKK 6½ 98	7/81	188	79	80½	+0⅝	23.59
Nippon Electric 5⅛ 97	2/82	804.2	123⅞	125⅜	-2⅝	11.22
Olympus Optical 6⅞ 97	12/82	1331	99⅞	101⅜	-0½	15.41
Orient Finance 5¼ 97	3/82	1205	98½	100	-0¼	1.34
Sanyo Electric 5 96	10/81	652	81	82½	-0¼	28.93
Sumitomo Electric 5½ 97	3/82	577.3	95⅞	97⅜	+1½	14.89
Sumitomo Metal 5¼ 96	10/81	296.1	64¾	66¼	0	30.26
Fujitsu 3½ 93 SF	3/83	958	106	108	+1	6.93
Sharp Corp 3½ 93 SF	3/83	1190	106	108	+0¾	3.52
Konishiroku 6⅜ 88 DM	6/82	618	109¾	111	-0⅛	7.61
Mitsubishi Heavy 6 89 DM	2/82	263	104¼	105¼	0	19.62
Sun Realty 6⅛ 92 DM	2/83	366	108⅛	109⅛	-0⅛	-2.02

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U S. dollars. C.cpn. – current coupon. Co. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg day – Change on day. Cov. date – First date for conversion into shares. Cov. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares

CAPITAL MARKETS

Credit Commercial de France floats $200m FRN

BY MARY ANN SIEGHART IN LONDON

CREDIT COMMERCIAL de France produced the only new issue in the dollar sector yesterday – a $200m, two-tranche floating rate note.

The first $100m tranche has a maturity of 15 years, but can be cashed in by the investor every three years. It carries a coupon of ¼ point over the mean 6-month inter-bank rate (half-way between the bid and offered rates), and was trading in the pre-market at a discount of about 40 basis points below its issue price of par.

The second has a life of 12 years, but has a put option after seven. The coupon is ¼ point over 6-month Libor and the bond was trading at a 1¼ per cent discount. Both have minimum coupons of 5¼ per cent and are being led by CCF, Morgan Guaranty and Sumitomo Finance.

The $50m Nippon Oil convertible was priced yesterday with a coupon of 6½ per cent, and a conversion premium over yesterday's Y940 closing price of 2.55 per cent. It was trading yesterday at a 1½ point premium.

The 10½ per cent Credit Suisse issue was also still trading at a premium despite having been increased earlier in the week from $100m to $150m. It was trading at around ½ point over par. Tuesday's EEC issue, on the other hand, was being quoted at a 2¼ per cent discount, but there was still little buying interest.

The secondary market saw a reasonable turnover, but prices hardly moved at all.

Speculation about the German election results boosted activity in the D-Mark sector, pushing prices up by about ¾ point.

In Switzerland, there was news of a postponed European Investment Bank issue, which would have been led by SBC. The SwFr 100m, 10 year, 5¾ per cent bond was scheduled for Tuesday, but the EIB pulled out because of unfavourable market conditions.

The saturation of the Swiss market was also illustrated by the coupon on a private placement from the Japanese clothing retailer Suzutan. The 6 per cent, five-year, SwFr 20m bond carried the highest coupon for a Japanese private placement this year. Lead manager is Banque Morgan Grenfell en Suisse.

Elsewhere in the Swiss market, there were pricings from Nippon Oil and Murata Manufacturing. Both were given coupons of 3½ per cent; Nippon's conversion premium was "below 5 per cent," while Murata's was 2.4 per cent.

WEEKLY U.S. BOND YIELDS (%)

	Mar. 2	Feb. 23	1982-83 High	1982-83 Low
Composite Corp. AAA	11.23	11.33	14.88	10.63
Composite Corp. AA	11.43	11.65	15.24	11.18
Government:				
Long-term	10.39	10.59	14.02	10.18
Intermediate	9.91	10.11	14.24	9.91
Short-term	9.31	9.58	14.52	9.23
Municipal	N/A	9.28	12.99	9.16
Industrials AAA	11.08	11.11	14.49	10.85
Industrials AA	11.27	11.48	14.79	10.96
Utilities AAA	11.39	11.55	15.27	11.11
Utilities AA	11.59	11.80	15.69	11.39
Preferred Stocks	11.05	11.05	13.35	10.71

Source: Standard & Poor's

Liberty Life advances

BY OUR JOHANNESBURG CORRESPONDENT

LIBERTY LIFE, South Africa's third largest life assurance company, and its 61 per cent controlling company, Liberty Holdings, maintained their sound growth record in 1982.

Total group assets increased by 31.5 per cent to R2.42bn ($2.21bn) from R1.84bn, while net premium income and annuity considerations rose by 28.1 per cent to R333m from R260m. New business premium income written by Liberty Life was R59.9m against R56.7m.

Outside South Africa, TransAtlantic Insurance Holdings, the group's UK holding company, acquired 29.6 per cent of Capital and Counties, the property company from Gencor, the South African mining house. The arrangement left Liberty Life with a 66 per cent interest in TransAtlantic. The latter, in addition to the Capital and Counties deal, increased its interest in Sun Life to almost 24 per cent from 21 per cent.

In South Africa, Liberty Holdings increased its stake in Guardian National, the short-term insurance company, to 43.4 per cent from 18.4 per cent. Guardian Royal Exchange of the UK, which retains its 51 per cent interest in Guardian National, has a 10.5 per cent direct interest in Liberty Holdings.

Mr Donald Gordon, Liberty chairman, is confident that the group will maintain its rate of development this year.

INTERNATIONAL APPOINTMENTS

New Union Pacific chief

● UNION PACIFIC Corporation has named William S Cook to succeed chairman, Mr James H Evans as chief executive officer on May 1. Mr Evans will continue as chairman. Mr Evans said that by relinquishing the chief executive officer post he will be able to promote attention to the strategic opportunities now available to the firm. Union Pacific in December completed the merger of the Union Pacific, Missouri Pacific and Western Pacific Railroads. Mr Cook has been with the company since 1969 and was elected president and chief operating officer in 1977.

● Mr Stuart S Jardine has been appointed chairman and chief executive of GEORGE WIMPEY CANADA following the death of Mr A R Grant. He remains a managing director of George Wimpey. Mr Jardine joined Wimpey in 1967 as general manager of Wimpey Asphalt. Appointed a main board director in 1976 he became a group managing director in 1978 with responsibility for the specialist holdings division.

● COLGATE-PALMOLIVE COMPANY has appointed Mr Reuben Mark as president and chief operating officer and Mr William W Powell as senior executive vice president and chief development officer.

● Mr Hans H Luerken has joined the management of Basle-based consultant and economic research company PROGNOS. He will head the company's Cologne office, as well as being responsible for the corporate consultancy division in Basle and Cologne.

● Dr Fritz Honegger, former Swiss Minister for Economic Affairs and Federal President, is nominated to join the board of CREDIT SUISSE at the bank's March 25 annual meeting. Mr Rainer Gut, chairman of the Credit Suisse General Management, is to succeed Dr Oswald Aeppli as board chairman.

FT COMMERCIAL LAW REPORTS

No subrogation against sub-contractor

PETROFINA (UK) LTD AND OTHERS v MAGNALOAD LTD AND OTHERS

Queen's Bench Division (Commercial Court): Mr Justice Lloyd: March 1 1983

WHERE A contractors' insurance policy is taken out in respect of all property on a contract site, in the names of all contractors and sub-contractors, each contractor and sub-contractor is thereby fully insured, as co-insured, in respect of his own property and that of the entire contract works; and if the insurer settles a claim made by one of the insured, he may not later recover the amount by subrogation from another.

Mr Justice Lloyd so held when giving judgment for the defendants, Magnaload Ltd and Mammoet Stoof BV, on a preliminary issue as to whether insurers, New Hampshire Insurance Company Ltd, could exercise a right of subrogation by suing the defendants in the names of the plaintiffs, Petrofina (UK) Ltd and other insured parties, in respect of payment made to Lindsey Oil Refinery Company Ltd under an insurance policy.

* * *

HIS LORDSHIP said that when carrying out a major extension to an oil refinery, head contractors sub-contracted the heavy lifting operations. Negotiations were entered into between the sub-contractor and Mammoet for Mammoet to provide and operate specialist lifting equipment.

Magnaload owned 50 per cent of Mammoet, and it was agreed between them that for administrative reasons the contract would be in the name of Magnaload, not Mammoet, but that Mammoet would remain responsible for the operation.

After lifting was completed, part of the specialist equipment became displaced and crashed to the ground, causing damage to the works below.

The contract works were insured. Lindsey, the owner and operator of the refinery, claimed on the policy. The claim was settled for about £1,250,000.

Having paid that claim, the insurers now sought to exercise their right of subrogation by suing the defendants. Magnaload and Mammoet. The defendants answered that the insurers had no right of subrogation because they, the defendants, were fully insured under the same policy.

The question on the present preliminary issue was whether that contention was correct. The answer turned on the construction of the policy, and on general principles of law.

The policy was a Contractors' All Risks Insurance policy. By section 1 it provided that "the insurers will indemnify against loss of or damage to the insured property while at the contract site . . ." The insured included Lindsey "and/or contractors and/or sub-contractors."

Strictly speaking the defendants were sub-sub-contractors. "Sub-contractors," in the context of the policy, must include sub-sub-contractors. On the true construction of the policy, Magnaload and Mammoet were both sub-contractors and were both insured under the policy.

Each of the insured named in the policy was insured in respect of the entire contract works, including property belonging to any of the others who were insured, or for which any of those others were responsible.

In Tomlinson v Hepburn [1966] AC 451 Lord Reid said that the language of a Form J policy of insurance on goods in transit showed conclusively that it was a policy on goods. There was no relevant distinction between the language of the Form J policy and that of the present policy.

In Tomlinson it was held that if the policy were an insurance on goods, then the carriers could, as bailees, insure for their full value, holding the proceeds in trust for the owners.

The question was whether the defendants in the present case could recover the full value of the property insured, even though they were not bailees.

One reason why a bailee of goods was entitled to insure and recover the full value of the goods was that it was highly convenient from a commercial point of view.

In the case of a building or engineering contract, where numerous different sub-contractors might be engaged, there could be no doubt about the convenience of allowing the head-contractor to take out a single policy covering the whole risk—that was to say, covering all contractors and sub-contractors in respect of loss or damage to the entire contract works.

Otherwise, each sub-contractor would be compelled to take out his own separate policy. That would mean, at the very least, extra paper work; and at worst, it could lead to overlapping claims and cross-claims. Furthermore, the cost to a small sub-contractor of insuring his liability might be uneconomic. The premium might be out of all proportion to the value of the sub-contract.

For those reasons, a head contractor ought to be able to insure the entire contract works in his own name and the name of all his sub-contractors, just like a bailee or mortgagee; and a sub-contractor ought to be able to recover the whole of the loss insured, holding the excess over his own interest in trust for the others.

If convenience dictated that result, was there anything in law which prevented it?

Neither at common law nor by statute was there anything to prevent a bailee from insuring in excess of his own interest.

The position of a sub-contractor in relation to contract works as a whole was sufficiently similar to that of a bailee in relation to the goods bailed to enable the court to hold by analogy that he was entitled to insure the entire contract works and, in the event of loss, to recover the full value in his own name.

There was no known English decision covering the present case, but there was an important decision of the Supreme Court of Canada in Commonwealth Construction v Imperial Oil 69 DLR 3rd 558. In that case insurers paid a loss to main contractors and then sought to recover from sub-contractors under their right of subrogation. The facts were almost identical to the present case.

The judgment said that on any construction site there was "ever present the possibility of damage by one tradesman to the property of another and to the construction as a whole . . . By recognising in all tradesmen an insurable interest based on that very real possibility . . . the courts would apply to the construction field the principle expressed so long ago in the area of bailment."

That case was indistinguishable from the present and was high persuasive authority.

For those reasons it was held, both on principle and on the authority of the Commonwealth case, that a sub-contractor who was engaged on contract works might insure the entire contract work as well as his own property, and that the defendants were so insured in the present case.

In the Commonwealth case it was assumed that it followed automatically from the fact that the defendants were fully insured, that the insurers could have no right to subrogation.

The question whether there was a fundamental principle of law that insurers could never sue one co-insured in the name of another came up in the Yasin [1979] 2 Lloyd's Rep 45. There his Lordship had said that he was not satisfied that there was any such fundamental principle.

He no longer had reservations of the kind which he had voiced in the Yasin. Even if he had he would feel obliged to bury them in the light of the decision in the Commonwealth case, which had not been cited in the Yasin.

The present policy provided, by a general exception, that the insurers should not be liable in respect of "loss, damage or liability," which was insured by any other policy. The defendants had policies with the Royal Insurance and other insurers.

Those were liability policies, whereas the insurance under section 1 of the present policy was an insurance on property. It was true that the exception referred to "liability" as well as "loss and damage," but that was because the general exception was intended to apply to that section of the policy which covered third party liability as well as that which covered property liability.

It followed that there was no possibility of double insurance, and the general exception did not apply.

The preliminary issue should be decided in favour of the defendants.

For the insurers: Michael Wright QC and Crawford Lindsay (Herbert Smith and Co.).

For the defendants: Adrian Hamilton QC and Robert Glancy (Elborne Mitchell and Co.).

By Rachel Davies
Barrister

مكتبة الأسد

SECTION III CONTENTS

FINANCIAL TIMES

Friday March 4 1983

Tougher EEC stance urged on wheat flour exports, Page 29

WALL STREET

More join ranks of the advance

THE investment community was able yesterday to bask in the warmth of spring weather as well as of the latest batch of economic indicators which all point towards a recovery in the U.S. economy, *writes Terry Byland in New York.*

Mr Malcolm Baldridge, the Commerce Secretary – who had at first warned against reading too much into the 3.6 per cent jump in his department's index of economic indicators – said yesterday that he expected a "real bounce-back" in the economy with a gross national product growth rate at 4 per cent in the first quarter of this year. This confirms the stock market's view of the outlook, and brought buyers in again.

The Dow Jones industrial average closed three points higher at a further record of 1,138.06, while turnover of some 115m shares again indicated the strength of the rally, although many blue chip gains were pared in the afternoon.

The credit markets, which had been somewhat discouraged by the sharp rise in the Commerce Department index which suggested that industrial loan demand might soon soar, looked happier after Mr Paul Volcker, chairman of the Federal Reserve, said that further falls in interest rates remain possible without the danger of fuelling inflation anew.

Sturdy investment demand was in evidence for government bonds, with the best gains coming significantly at the longer end of the scale where prices have been depressed by uncertainties regarding the outlook for inflation. The benchmark Treasury 10⅜ per cent issue of 2012 opened sharply higher at 100 ¹³⁄₃₂ against the overnight level of 99½. The higher price brought some profit-takers into the market, however, and later quotations settled at around 99 ²⁴⁄₃₂. Three-month Treasury bill rates none the less came down to 7.92 per cent

Longer-dated government bonds attracted support at first and the benchmark Treasury 10⅜ per cent issue of 2012 opened at 100¹³⁄₃₂ against the overnight 99½. But buyers then reverted to a more cautious view of inflation and the price came back to around 99⁵⁄₃₂.

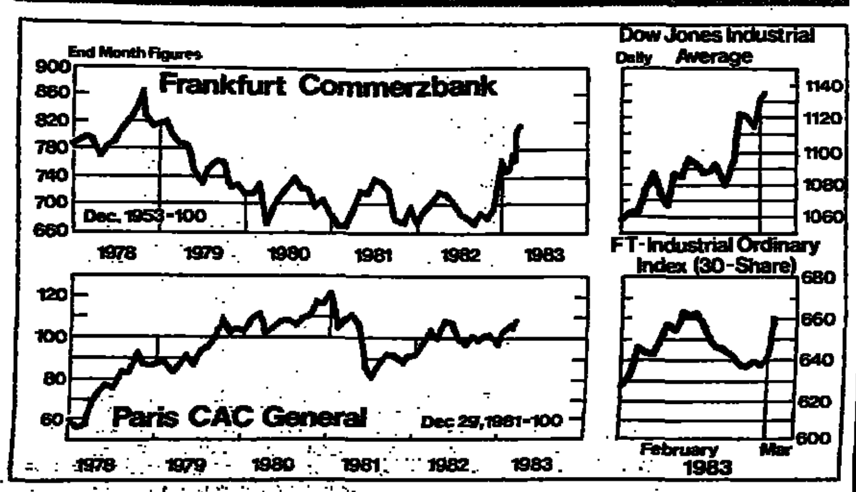
The three and six-month Treasury bills, both yielding about 7.94 per cent, held their overnight levels. The federal authorities again recognised tightness of credit with a $200m bill sale for a customer.

The revival in oil shares continued, with Exxon finding buyers at $30 and Union Oil strong at $33⅜. Motor industry and airline issues saw good trade again and Ford at $41⅝, Pan Am at $5½ and Delta at $47½ were among the better spots.

Growing faith in the recovery in U.S. industry brought buyers in for all the standard-bearers of heavy manufacturing. Prominent was the aerospace sector, where hopes that the airlines will speed up purchases of new aircraft as business improves lifted Lockheed to $94½ and McDonnell Douglas to $68.

Advances by metals and oils in Toronto, although more modest than those of the previous session, held the market firm in the face of recurrent profit-taking in golds. Montreal was again held back by the printing sector.

KEY MARKET MONITORS



STOCK MARKET INDICES

	March 3	Previous	Year ago
NEW YORK			
DJ Industrials	1138.06	1135.06	815.16
DJ Transport	508.50	505.72	329.86
DJ Utilities	129.84	127.77	108.21
S&P Composite	153.48	152.03	110.92
LONDON	March 3	Prev	Year ago
FT Ind Ord	661.6	651.6	556.7
FT-A All-share	410.21	406.08	321.73
FT-A 500	444.12	438.91	340.33
FT-A Ind	419.33	414.58	313.80
FT Gold mines	624.1	627.7	231.5
FT Govt secs	79.76	79.34	67.89
TOKYO			
Nikkei-Dow	8005.02	8013.30	7474.42
Tokyo SE	589.31	588.39	554.32
AUSTRALIA			
All Ord.	508.0	500.2	480.6
Metals & Mins.	459.3	450.6	341.1
AUSTRIA			
Credit Aktien	49.52	49.38	54.33
BELGIUM			
Belgian SE	108.13	108.02	95.82
CANADA			
Toronto Composite	2165.0	2157.1	1640.5
Montreal Industrials	*366.37*	*363.36*	*289.04*
Combined	*358.52*	*356.20*	*274.64*
DENMARK			
Copenhagen SE	119.51	117.81	96.71
FRANCE			
CAC Gen	108.6	107.9	109.0
Ind. Tendance	113.8	112.8	119.6
WEST GERMANY			
FAZ-Aktien	272.45	270.64	230.99
Commerzbank	818.4	811.7	707.2
HONG KONG			
Hang Seng	1002.87	1028.12	1196.69
ITALY			
Banca Comm.	*199.83*	*197.67*	*203.05*
NETHERLANDS			
ANP-CBS Gen	114.2	112.8	87.1
ANP-CBS Ind	100.3	99.5	70.4
NORWAY			
Oslo SE	143.03	139.11	103.4
SINGAPORE			
Straits Times	*822.93*	*829.52*	*723.37*
SOUTH AFRICA			
Golds	836.9	883.5	459.1
Industrial	824.9	821.5	644.4
SPAIN			
Madrid SE	104.34	103.91	128.58
SWEDEN			
J & P	1284.28	1270.10	616.14
SWITZERLAND			
Swiss Bank Ind	315.5	310.3	250.7

GOLD (per ounce)

	March 3	Prev
London	$430.00	$427.50
Frankfurt	$429.50	$429.00
Zürich	$429.50	$429.00
Paris	$439.18	$438.80
New York futures (March)	*$430.30*	*$433.50*

** Indicates latest pre-close figure*

CURRENCIES

	U.S. DOLLAR March 3	U.S. DOLLAR Previous	STERLING March 3	STERLING Previous
£	1.5130	1.5065	–	–
DM	2.4250	2.4315	3.67	3.66¼
Yen	238.25	237.10	358	357½
FFr	6.8740	6.8925	10.40½	10.37½
SwFr	2.0530	2.0515	3.11	3.09
Guilder	2.6780	2.6875	4.06	4.04¾
Lira	1402¾	1405½	2123½	2116
BFr	47.74	47.88	72.30	72.10
C$	1.2222½	1.2255	1.8495	1.8445

INTEREST RATES

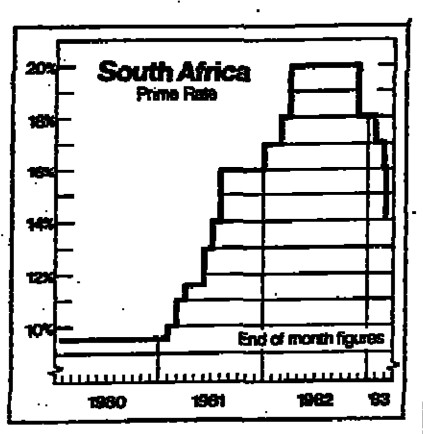
	March 3	Prev
Euro-currencies (three month offered rate)		
£	11⅝	11⁷⁄₁₆
SwFr	3	3⅛
DM	5¼	5⁵⁄₁₆
FFr	26	25
FT London Interbank fixing (offered rate)		
3-month U.S.$	8¹⁵⁄₁₆	8¹⁵⁄₁₆
6-month U.S.$	9¹⁄₁₆	9¹⁄₁₆
U.S. Fed Funds	8½	8¾
U.S. 3-month CDs	8.35	8.45
U.S. 3-month T-bills	7.95	7.98

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) *8% $100,000 32nds of 100%*				
June	77–17	78–08	77–13	77–06
U.S. Treasury Bills (IMM) $1m points of 100%				
June	92.16	92.28	92.13	92.13
Cert Deposit (IMM) $1m points of 100%				
June	91.55	91.62	91.52	91.46
LONDON				
Three-month Eurodollar $1m points of 100%				
June	91.24	91.25	91.19	91.15
20-year Notional Gilt £50,000 32nds of 100%				
June	102–24	102–27	102–13	101–31
Three-month Sterling Deposit £250,000 points of 100%				
June	89.79	89.79	89.68	89.63

LONDON COMMODITY MARKETS

	March 3	Prev
Silver (spot fixing)	725.1p	730.2p
Copper (cash)	£1100.25	£1093.50
Coffee (March)	£1676.00	£1679.50
Oil (spot Arabian light)	$28.32	$28.32



EUROPE

Durability under the microscope

THE ABILITY of Wall Street to hold above the 1,100 level – together with the cogent U.S. economic reasons for that new plateau – provided a further enhancement in share values on the bourses yesterday, and downswings in individual issues could often be traced to a specific overriding cause.

Late profit-taking in **Frankfurt** brought shares off their best levels but most still closed firmer as confidence among foreign and domestic investors that the conservative parties would hold on to power at Sunday's general election continued to support prices.

The Commerzbank index, calculated at midsession, rose 6.7 to 818.4, its highest since January 1979, and the FAZ index reached an all-time high of 272.45, up 1.81.

Zurich benefited from the further recovering in gold and a modest decline in the dollar. Banks opened mostly lower but recovered to close above Wednesday's levels. Insurances turned mixed, while chemicals led industrials higher. Brown Boveri there added SwFr 155 to SwFr 1,155.

A hectic **Amsterdam** exchange showed Unilever Fl 1.90 ahead at Fl 194 and Akzo the same amount higher at Fl 48.60. In banks ABN opened Fl 9 up but fell back in active trade to Fl 352, up Fl 5 on the day, ahead of an earnings report due today.

The busiest sector was insurances, with Ennia rising Fl 6.50 to Fl 140.50 while Amev was Fl 4.70 higher at Fl 124. Government bonds moved higher.

An almost unimpeded bull trend in heavy **Stockholm** trading took SKF SKr 7 up to close at SKr 183 on some 100,000 shares, while Atlas Copco gained SKr 3 to SKr 137.

Banks and financials moved higher in **Paris**, as did foods where BSN Gervais Danone rose FFr 16 to FFr 1,465, but stores were mixed.

Steel and related stocks gained strongly in **Brussels** with Clabecq up BFr 44 to BFr 798 and arms maker Fabrique Nationale BFr 100 to BFr 2,800. Arbed continued its upswing, gaining BFr 46 to BFr 1,258 and wire maker Bekaert steadied at BFr 2,250. Holding company stocks also performed well, but chemicals and non-ferrous metals were mixed.

Fiat gained L100 to L2,519 in a firmer-biased **Milan**, but Italcementi lost L1,250 to L37,450. Bonds were also selectively firmer in fairly active trading.

Most **Madrid** sectors firmed in thin trading. Banks were led Pta 5 upward by Bilbao at Pta 217. Dealers said the tone reflected confidence in the Government's takeover of the troubled Rumasa holding group.

AUSTRALIA

Broad advance

RESOURCE issues gains lifted **Sydney** prices across the board, where advance outnumbered declines by a ratio of three to one.

BHP gained 18 cents to A$6.48 and North Broken Hill 17 cents to A$2.45, while developers and contractors recorded substantial advances among the industrials. Banks and retailers did well, too, with a rise of 15 cents for ANZ at A$3.55 and a two-cent recovery for Myer at A$1.32.

A thin **Melbourne** market GMK and Poseidon both held steady at A$9.60 and A$4.50 respectively.

SOUTH AFRICA

Muted mood

A NARROWLY mixed picture emerged in Johannesburg golds as local and overseas profit-taking eroded a firmer tone towards the close.

Of the heavyweight producers Southvaal added R1.50 to R68.50 but Harmony fell a rand to R24. Rustenburg Platinum was notable for a 25-cent advance to R7.05.

A two-point cut in prime lending rates by leading banks failed immediately to stimulate industrials, which traded quietly and finished trendless.

FAR EAST

Winds of change fail to carry

THE BREEZY confidence presently gusting from Wall Street failed to carry across the Pacific yesterday, and Far Eastern markets were uniformly becalmed. Blue chips with substantial international involvements were the only beneficiaries, and gains even there lacked consistency.

Shiping lines and chemicals were among those to lose ground in **Tokyo**, where the Nikkei-Dow Jones market average dipped 8.28 to 8,005.02 but the Stock Exchange index managed a 0.92 improvement to 589.31. Volume remained thin at 310m shares.

Japan Line lost Y11 to Y159, heading the actives on 22.23m shares, while Sanko Steamship shed Y7 to Y188, also in active dealings.

Sony succeeded in a Y50 advance to Y3,150 and TDK Y100 to Y4,250, but Mitsubishi Heavy Industries came back Y3 to Y215 and Nomura Y10 to Y663. One broker attributed the lack of sustained buoyancy to the failure of volume to hold up along with price firmness.

Another distressing element was a selling spree in non-ferrous metals, led Y46 downward by Mitsui Mining and Smelting at Y540 despite its gold interests – gold shares generally held up better yesterday on the stabilising bullion price.

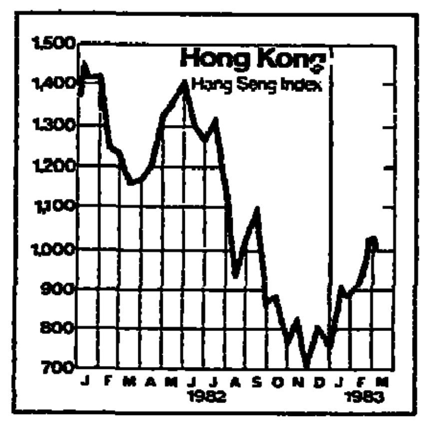
Daiwa House reaped further benefit from an increase in housing starts the previous day, adding an active Y9 to Y529.

Government bond prices weakened slightly during the afternoon.

Late short-covering in **Hong Kong** took the edge off early losses but none the less left the Hang Seng index a sharp 25.38 lower at 1,002.74 after dipping as low as 994.80. Speculative selling of Great Eagle received much of the blame: the stock ended 10 cents down at 60 cents for a two-day slide of 18 cents.

Volume contracted in **Singapore**, too, from 23m to 17.9m shares, and the Straits Times industrial index suffered a parallel 6.59 decline to 822.93.

Hotels, properties and commodities were all lower. Selangor fell 10 cents to S$5.45, MUI *six cents to S$3.44 and* Straits Trading 15 cents to S$5.95.



LONDON

Pre-budget bounce is prominent

MANY London shares reached new high points as confidence about the world economic increased after Wednesday's U.S. indicators had confirmed that the recovery there was improving at a rate faster than had seemed likely a short time ago. This was the principal, but not the only, bullish pointer for the industrials yesterday.

Predictions of a favourable UK budget, due on March 15, the sharp rise so far this year in private housing starts and continuing optimism that a world oil price war will be avoided also contributed to the cheerful tone. The early announcement that the miners are to ballot nationwide next Tuesday, thus postponing Monday's threatened strike, was also encouraging.

Institutional investors concentrated funds on areas thought likely to benefit from the budget. These included store, construction and building issues. Investment trusts and particularly those with U.S. involvements were also active, reflecting the current boom in New York. Indicating the selective nature of investment, however, some industrial sectors met with two-way trade while others were neglected.

Hopes that the FT Industrial Ordinary share index would surpass its record were not quite fulfilled, although this measure closed another 10 points up at 661.6, less than a point short of the February 11 all-time high of 662.5. The broader-based FT-Actuaries all-share index similarly settled just below its all-time peak.

The investment trusts closed with widespread gains throughout the list. Independent stood out with a fresh rise of 8p to 284p, while others with U.S. portfolios to show to advantage included Fleming American, also 8p to the good at 284p, and Edinburgh American, 6p up at 184p.

Hopes that the budget proposals will lead to a marked increase in consumer spending resulted in substantial gains for selected retailers. Woolworth, benefiting from the prospect of further rationalisation of non-profit making divisions, advanced 17p to a peak of 257p. The announcement that the current bids for UDS will not be referred to the Monopolies Commission lifted its stock 4p to 120p after 122p. Hanson Trust which now holds 7 per cent of UDS, eased the same amount to 196p.

A marked contraction in the volume of business in South African golds followed a session of relative inactivity in the bullion market. Dealers reported turnover in the golds down to around a third of recent levels. Leading heavyweights were erratic. Vaal Reefs dipped £1¼ to £71½.

South African financials generally made progress while firm UK equities, relatively steady metal prices and a stock shortage enabled London financials to post modest gains. Gold Fields and RTZ added 4p apiece at the common price of 507p.

Australians were featured by recent high-flyer Acorn Securities, which dropped 12p to 132p, reflecting a withdrawal of U.S. support coupled with local profit-taking. The leaders gained ground at the outset but fell back on profit-taking to end with little overall change. *Share information service, Pages 30–31*

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
[illegible]										

Continued on Page 27

هكذا اصبح الأصل

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 26

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 28

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

CANADA

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

SPAIN

[illegible]

NORWAY

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

LONDON

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Applied Computer	285	−15
Arlen Elect	323	+5
Bio-Isotopes	320	−23
GUS A	557	+14
Kloof Gold	£31	+½
London & Liverpool	435	+10
Mitchell Cotts	39	−6
Polly Peck	£15½	+½
Thorn EMI	487	+12
Unisel	322	−57
Vaal Reefs	£71½	−1½
Woolworth	257	+17

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Applied Cmptr	25	400	+40
Driefontein	17	£22½	+2
Gen Accident	16	412	−22
RTZ	14	503	−9
Superdrug	14	266	+10
Barratt Dev	13	522	−14
Blue Circle	13	417	+25
Vaal Reefs	13	£72¾	+4
Harmony	12	£14⅝	+1¼
ICI	12	390	−10
Lex Service	12	305	+6
Lon & List Tst	12	425	+20
Marley	12	63	−6
Wlwrth Hldgs	12	240	+10

NEW HIGHS AND LOWS FOR 1982/3

NEW HIGHS (201)

AMERICANS (18)
CANADIANS (9)
BANKS (5)
BREWERS (2)
BUILDINGS (15)
CHEMICALS (3)
DRAPERY AND STORES (4)
ELECTRICALS (6)
ENGINEERING (4)
FOODS (1)
HOTELS (2)
INDUSTRIALS (3)
INSURANCE (3)
LEISURE (1)
MOTORS (5)
NEWSPAPERS (4)
PAPER (2)
PROPERTY (8)
SHIPPING (1)
TEXTILES (3)
TRUSTS (81)
OIL AND GAS (1)

NEW LOWS (2)

BANKS (1)
First Nat Warrants
OIL AND GAS (1)
Magnet Metals

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb 28	Mar 11	June 2	June 13
Mar 14	Mar 25	June 16	June 27
Mar 28	Apr 8	June 30	July 11

For rate indications see end of Share Information Service

Call options were taken out in Currys, Kean and Scott, BSR, Unigroup, Delyn, Lasmo, North Kalgurli, Mellins, London and Liverpool, Fidelity Radio, Spear and Jackson, Combined Technologies, Yelverton, Rexmore, Smith St Aubyn, Burmah, BSG, Polly Peck, Pacific Copper and South Diffusion. No puts were reported, but doubles were arranged in London and Liverpool, Lasmo, Polly Peck and Cons. Gold Fields.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	85	3	9
Corpns Dom & Foreign Bonds	32	1	44
Industrials	415	116	796
Financial and Props	140	63	312
Oils	37	9	64
Plantations	1	2	19
Mines	52	38	59
Others	79	30	47
Totals	841	262	1,350

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Thur March 3 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed March 2 Index No.	Tues March 1 Index No.	Mon Feb 28 Index No.	Fri Feb 25 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (207)	451.89	+1.9	8.78	3.79	14.24	443.66	437.62	435.58	436.13	366.49
2	Building Materials (23)	438.59	+2.8	9.67	4.38	12.48	430.10	423.37	421.21	422.36	319.92
3	Contracting, Construction (30)	797.88	+1.7	11.01	4.35	10.83	784.93	770.65	773.76	775.24	598.46
4	Electricals (32)	1682.18	+2.3	7.18	2.07	17.97	1643.66	1623.75	1600.90	1626.58	1260.30
5	Engineering, Contractors (10)	428.07	+1.2	16.37	6.99	7.48	422.84	419.79	419.34	417.54	503.38
6	Mechanical Engineering (66)	212.53	+1.2	10.69	5.35	11.67	209.97	207.77	206.82	206.67	198.98
8	Metals and Metal Forming (11)	166.06	+0.2	13.09	7.49	9.27	165.83	163.46	163.45	163.84	165.35
9	Motors (18)	92.42	+1.4	0.58	6.79	—	91.13	89.49	87.64	86.71	97.77
10	Other Industrial Materials (17)	417.95	+1.5	8.37	5.11	14.86	411.63	404.51	405.65	404.41	397.66
21	CONSUMER GROUP (200)	419.58	+0.8	10.00	4.25	12.14	416.30	413.34	411.87	414.57	296.26
22	Brewers and Distillers (23)	471.82	+0.4	10.73	4.53	11.38	470.08	468.30	463.46	468.16	286.94
25	Food Manufacturing (21)	339.11	+0.5	13.45	5.53	8.72	337.50	333.36	330.24	334.88	289.45
26	Food Retailing (14)	860.70	+1.8	7.40	2.81	17.08	845.32	832.66	826.42	828.24	611.45
27	Health and Household Products (8)	742.40	−0.4	5.39	2.45	22.81	745.67	744.81	731.24	734.18	388.65
29	Leisure (24)	505.69	+1.0	8.03	4.77	16.28	500.82	495.38	495.37	496.98	430.33
32	*Newspapers, Publishing (13)*	726.03	+1.7	8.51	4.46	15.64	714.86	714.47	721.78	719.27	537.85
33	Packaging and Paper (14)	160.34	+1.6	14.53	6.99	8.08	157.78	157.81	159.81	163.81	145.92
34	Stores (47)	366.73	+2.2	8.25	3.75	16.06	358.95	356.57	356.10	360.13	268.18
35	Textiles (22)	198.48	+1.1	12.86	5.60	9.34	196.30	194.25	195.41	198.68	173.87
36	Tobaccos (3)	461.60	−1.2	19.06	6.00	5.82	467.13	463.86	460.21	467.42	325.62
39	Other Consumer (11)	377.10	+0.8	1.85	3.72	—	374.23	369.41	370.52	364.57	279.50
41	OTHER GROUPS (79)	328.41	+0.8	9.40	4.99	13.08	325.95	319.23	317.42	317.86	258.48
42	Chemicals (15)	428.34	+0.9	9.30	5.65	13.42	424.62	423.97	418.98	421.46	341.98
44	Office Equipment (6)	104.84	+2.7	8.50	5.19	15.14	102.06	98.52	99.83	100.83	125.70
45	Shipping and Transport (14)	610.61	+1.3	13.99	6.97	8.57	603.06	596.15	598.46	597.30	570.96
46	Miscellaneous (44)	464.57	+0.4	8.54	3.92	14.25	462.59	454.87	452.10	452.61	337.78
49	INDUSTRIAL GROUP (486)	419.33	+1.1	9.50	4.19	12.91	414.58	409.97	407.82	409.00	333.80
51	Oils (14)	719.95	+1.5	17.42	8.83	6.77	709.63	708.73	693.58	696.09	630.33
59	500 SHARE INDEX	444.12	+1.2	10.60	4.73	11.47	438.91	434.62	431.37	433.46	348.33
61	FINANCIAL GROUP (121)	305.67	+0.2	—	5.83	—	305.15	301.97	298.71	298.95	265.78
62	Banks (6)	323.92	+1.0	30.25	7.55	3.50	320.87	316.81	318.21	311.31	294.07
63	Discount Houses (8)	296.03	+0.6	—	8.24	—	294.25	292.14	290.70	290.78	294.34
65	Insurance (Life) (9)	384.84	−1.4	—	4.97	—	390.33	386.13	378.57	376.21	288.40
66	*Insurance (Composite)* (10)	197.50	−1.0	—	7.31	—	199.61	200.74	197.85	198.36	171.57
67	Insurance Brokers (7)	569.08	+0.4	11.28	4.79	12.34	566.76	560.19	539.12	544.15	457.95
68	Merchant Banks (13)	161.92	+0.8	—	5.33	—	160.59	160.85	162.13	164.41	147.82
69	Property (54)	466.87	+1.1	3.53	3.04	23.88	461.62	452.62	453.82	452.97	463.40
70	Other Financial (14)	238.97	+0.5	11.68	4.92	10.16	237.85	236.53	235.79	236.54	205.86
71	Investment Trusts (109)	412.89	+1.5	—	4.11	—	406.84	405.03	407.85	406.12	302.55
81	Mining Finance (4)	253.94	+0.7	8.08	5.60	16.56	252.18	252.92	248.44	254.78	285.27
91	Overseas Traders (16)	437.01	—	9.33	8.28	15.27	437.08	432.46	436.58	443.00	392.83
99	ALL-SHARE INDEX (750)	410.21	+1.0	—	4.93	—	406.08	402.31	399.35	400.27	321.73

FIXED INTEREST

	PRICE INDICES	Thur March 3	Day's change %	Wed March 2	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	116.88	+0.18	116.67	—	1.97
2	5-15 years	127.63	+0.44	127.07	—	2.45
3	Over 15 years	134.94	+0.51	134.26	—	2.31
4	Irredeemables	141.37	+1.01	139.96	—	1.62
5	All Stocks	126.37	+0.39	125.87	—	2.26
6	Debentures and Loans	100.24	+0.19	100.05	—	1.52
7	Preference	76.87	—	76.87	—	1.49

	AVERAGE GROSS REDEMPTION YIELDS		Thur March 3	Wed March 2	Year ago (approx.)
	British Government				
1	Low	5 years	9.80	9.82	12.28
2	Coupons	15 years	10.47	10.55	12.83
3		25 years	10.56	10.64	12.56
4	Medium	5 years	11.50	11.58	14.38
5	Coupons	15 years	11.31	11.38	14.12
6		25 years	10.85	10.90	13.65
7	High	5 years	11.57	11.65	14.26
8	Coupons	15 years	11.52	11.58	14.50
9		25 years	10.99	11.06	13.96
10	Irredeemables†		10.45	10.56	12.24
11	Debs & Loans	5 years	12.42	12.49	15.27
12		15 years	12.62	12.65	15.17
13		25 years	12.67	12.68	15.10
14	Preference†		12.77	12.77	15.52

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

FINANCIAL TIMES STOCK INDICES

	Mar. 3	Mar. 2	Mar. 1	Feb. 28	Feb. 25	Feb. 24	year ago
Government Secs.	79.76	79.54	79.21	79.43	78.94	78.89	67.89
Fixed Interest	81.12	80.77	80.66	80.89	80.51	80.48	67.23
Industrial Ord.	661.6	651.6	641.6	637.7	639.2	637.2	556.7
Gold Mines	624.1	627.7	570.1	565.9	626.7	625.9	231.5
Ord. Div. Yield	4.86	4.91	4.98	5.02	5.08	5.08	5.65
Earnings, Yld.% (full)	10.21	10.32	10.48	10.65	10.83	10.83	10.41
P/E Ratio (net) (*)	11.82	11.69	11.52	11.33	11.12	11.10	12.37
Total bargains	24,150	24,067	23,078	23,698	23,847	23,772	23,830
Equity turnover £m.	—	246.58	220.58	196.24	255.65	241.81	157.06
Equity bargains	—	18,714	19,275	21,359	20,045	18,430	21,028
Shares traded (ml)	—	152.7	115.9	125.2	142.9	134.6	129.8

10 am 658.2. 11 am 658.0. Noon 658.5. 1 pm 660.0.
2 pm 659.8. 3 pm 661.0.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.

Latest Index 01-246 8026.
Nil = 11.05.

HIGHS AND LOWS

	1982/3 High	1982/3 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	85.84 (5/11)	61.89 (5/1/82)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.02 (12/11)	62.79 (7/1/82)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	662.5 (11/2/83)	518.1 (6/1/82)	662.5 (11/2/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2/83)	181.2 (22/6)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 2	Mar. 1
—Daily		
Gilt Edged Bargains	164.3	184.0
Equities Bargains	121.2	124.9
Value	498.4	405.4
5-day Avrge		
Gilt-Edged Bargains	178.3	185.0
Equities Bargains	126.8	129.8
Value	461.2	461.4

NEW YORK AND CANADA

Indices

NEW YORK DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

MONTREAL

[illegible]

TORONTO

[illegible]

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 27

[illegible]

NEW YORK CLOSING PRICES

Continued from Page 27

[illegible]

COMMODITIES AND AGRICULTURE

Tougher EC exports stance urged

BY LARRY KLINGER IN BRUSSELS

EEC FLOUR producers and traders yesterday stepped up their campaign to pursuade the European Community to adopt an aggressive subsidised export drive to counter the Reagan Administration's increasing efforts to export America's growing agricultural surplus. Both GAM, the millers' association, and Coceral, the traders' organisation, are worried that the community may be moving towards an agreement with the U.S. to limit EEC exports in return for U.S. commitments to lessen its subsidised competition on world markets.

They called on the European Commission to step up immediately its export drive.

GAM said yesterday that, partly as a result of U.S. actions such as its recent controversial decision to sell Egypt 1m tonnes of subsidised wheat flour over the next 12 months, EEC flour export contracts this year have been halved compared with last year.

For this reason alone, the commission must openly declare that it is prepared to meet U.S. threats in the market place.

Coceral, in a letter to M Gaston Thorn, commission president, attacked the commission's "incomprehensible policy" of containing the level of EEC export subsidies, virtually since October. Without a quick increase, potential sales to the Middle East and Africa might fall through, leaving further traditional EEC markets vulnerable to U.S. penetration.

EEC leaders are now trying to relaunch talks with the U.S. to try to avert a possible costly subsidies war involving growing agricultural surpluses on both sides of the Atlantic seeking outlets in static or even shrinking world markets.

The obvious fear among the EEC's flour producers is that a successful rapproachment between the two sides could effectively limit EEC sales, even to traditional markets.

EEC millers fear that the recession-hit EEC, politically unable to commit sufficient financial resources to meet the U.S. challenge, might capitulate to potential American demands for a market-sharing arrangement that would reverse EEC sales in what the Community sees as its traditional markets.

The millers' association said yesterday that the commission had recently shown "excessive moderation" compared with the U.S. administration's "aggressive stance."

In Washington the Senate agriculture committee authorised the use of up to 1.5m tonnes of wheat from the food security wheat reserve for an export payment-in-kind (Pik) programme.

The committee approved the use of the wheat as a provision of a bill establishing an export Pik programme under which surplus government-controlled stocks will be used to provide "bonuses" to customers.

The committee approved a provision in the bill authorising the use of Commodity Credit Corporation commodities to barter for strategic and critical materials.

Floods and cyclones batter Australia

By Michael Thompson-Noel in Sydney

THE CYCLONES which have been battering Queensland and Western Australia are doing little to ease the country's worst-ever drought. However, prospects for sugar, grain and cattle have improved slightly in Central Queensland where Cyclone Elinor is dumping torrential rains.

Flooding in South Australia is now spreading into Western Victoria.

● EUROPEAN COMMUNITY limits on tapioca imports are based on incorrect assumptions, says the Dutch grain trade association, and these limits will not result in more EEC cereals being used in compound feed.

● THE IVORY Coast must keep the country green or risk abandoning it to savannah and the southward drift of the Sahara, says Canadian forestry expert Roger Larouche who has been inspecting bush fire damage in the area.

● THE international Sea Shepherds conservation group has warned that it will ram the first sealing vessel to leave St John's harbour, Newfoundland, on its way to take part I nthe seal cull.

● A SURVEY is to be undertaken in rural areas of West Java to determine the role of firewood in Indonesian energy consumption.

● RED MEAT and poultry production this year in 52 selected countries is expected to be virtually unchanged at 104.6m tonnes compared with 104.8m tonnes last year, says the U.S. Department of Agriculture.

● SUSSEX wine producer David Carr Taylor will be selling wine in Paris next week. This is the first time English wine has been exhibited commercially at the French Agricultural Show.

This little piggy went to market, this little piggy stayed at home

Farmer's viewpoint: John Cherrington bemoans the gulf that divides farmers and shoppers

THE MOST significant fact to impress me when visiting the third International Food and Drink Exhibition at Olympia this week, was the almost complete absence of the two interests most closely concerned in the food chain: farmers who produce the basic raw materials and the consumers.

This is extraordinary. How can farmers, know what shoppers really want when there is an iron curtain of processing and distributing agencies between us.

The exhibition is restricted to trade interests. A farmer might have talked his way in but the general public is not wanted. The exhibition is a private meeting place where buyers and sellers can deal in confidence and quiet. I can appreciate the need for privacy but other shows seem to be able to manage and even enjoy the presence of the public.

For instance, next week's Agricultural Show in Paris includes an enormous food hall through which up to a million people, mostly Parisians, will file. They can taste the range of foods and drinks on show. This has to be paid for but it does give the public an idea of where food comes from and an incentive to demand a particular product from shopkeepers.

I can imagine the objections to the public being allowed into Olympia have much to do with keeping quiet the mechanics of the food distributive trade. None of those handling farm produce from the field to the table would welcome any prying into margins and availability.

This is important. How can a shopper know what is available in the country when their judgments are based on what one or other of the chains chooses to put on sale? In a perfect world they could see and taste a food and demand it by name.

It was the first outing for the "Naturally British" organisation following the launch of Food From Brtain a few days ago. There had been a similar presentation in Paris before Christmas.

The exhibition is notable for the number of quite small processors, some even on a farm scale, and a large foreign contingent. It struck me that in presentation the foreigners had the edge. The British don't seem to be able to make cooked meats look as glamorous as the French. Indeed, I only managed to find one British pate, and that was hidden on a stand of continental imports.

It is extraordinary that one of our leading meat exports, meat from culled sows and cows, goes to the Continent for processing, to be returned as exotic foods. Why can such goods not be made here? What is wrong with the British food manufacturing trade?

The prices British manufacturers have to pay now are roughly the same as those on the Continent. Could it be that most units are too big? That their overheads allow no flexibility? Obviously the small operators — semi-processors of food — felt they were being inordinately squeezed by the big manufacturers and ground down by the major retailing organisations.

I have a long experience of such complaints and felt it was just retribution that some of the organisations that used to make farmers squeal are squealing in their turn.

Would food processing be more able to compete with the Europeans if smaller, more flexible organisations replaced the giants in this field? As I understand it, most European food processing is in quite small units. Big is not necessarily beautiful and Cricketer could be setting a trend.

Silver sales 'may affect defence needs'

WASHINGTON — The U.S. should consider all defence-related uses of silver before making a decision on resuming silver sales from the U.S. stockpile, the General Accounting Office (GAO) said in a report.

It said estimates of the stockpile silver target did not reflect all possible defence-related uses of the metal. Such uses include using silver to pay foreign troops and workers, and providing silver to allies during war time, it said.

GAO also said alternatives to the weekly silver auctions should be considered, since sale by auction might not be in line with Congressional goals, which were to minimise or eliminate any short-term market price disruptions and ensure the silver would be used for domestic consumption.

Agencies.

Co-op members dismiss chairman of Ess-Food

BY HILARY BARNES IN COPENHAGEN

THE 16 Danish co-operative slaughterhouses which own Ess-Food, the powerful meat export marketing organisation, yesterday dismissed its chairman Mr J. Esp Soerensen (who is ex officio chairman of Ess-Food).

Delegates to the annual meeting of the slaughterhouse organisation blamed Mr Esp Soerensen for the withdrawal from Ess-Food of two of the biggest slaughterhouses and the threatened withdrawal of a third.

The three account for about 25 per cent of all pigs slaughtered in Denmark. Their withdrawal will have a serious effect on Ess-Food's strong market position, especially in the UK, where Ess-Food has a monopoly on the export of all cuts in excess of 3 kg. It accounts for about 80 per cent of all Danish pigmeat exports.

The three rebel co-operatives, which include Tulip, and the Zealand Slaughterhouse North-West, argue that they can make more money for their members, the producers, if they are able to go directly into the UK market for sliced products.

But Mr H. Kjeldsen, president of the Agricultural Council, the umbrella organisation for the farmers' organisation, and Mr Niels Anker Kofoed, the Minister of Agriculture, appealed to the meeting not to permit the destruction of the export market co-operation which over the past century has given Denmark a strong position in export markets.

The delegates' decision to oust Mr Esp Soesensen probably had as much to do with personality problems and domestic commercial decisions as export marketing problems.

Mr Esp Soerensen has a powerful personality and does not suffer fools gladly, as a delegate put it,

FMF wants more help for home market

By Our Commodities Staff

BRITAIN'S FOOD manufacturers want Government action to protect the home market against subsidised imports, bigger subsidies to help them export their products outside the EEC, and easier access into the community for product ingredients which cannot be produced in Europe.

These were the main items raised by the Food Manufacturers' Federation in a submission to the House of Lords select committee on the European communities

The Federation said it was concerned about increased imports of frozen chips, processed vegetable oils, margarine and pasta products from other EEC countries.

Currency rates, economies of scale, climatic advantages and proximity of resources had encouraged this trend,

Increased interest in cocoa highlighted

BY OUR COMMODITIES STAFF

INCREASED INTEREST in the cocoa futures market is highlighted in comparisons between lots traded in February this year and last year — up from 48,467 lots to 132,060.

The figures, from the International Commodities Clearing House, give January-February totals of 249,245 lots this year, against 96,293 in the same period last year.

The same trend was evident in rubber, with this year's February figure reaching 11,189 lots, compared with 6,297 last year. The two-month figures were 18,285 this year against 11,223 lots last year.

February gas oil totals were 66,482 lots this year compared with 35,184 in 1982, with the two-month totals reaching 123,098 and 74,121 lots respectively.

However, sugar lost ground with lots traded this year down to 66,930 from last February's 90,128. The 1982 two-month figure was 168,385 compared with 132,176 in the same period last year.

PRICE CHANGES

In tonnes unless stated otherwise	Mar. 3 1983	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1515/1545	+5	$1150/170
Copper			
Cash h grade	£1100.25	+6.75	£1069.5
3 mths	£1134.25	+6.5	£1091.75
Cash Cathode	£1084	+5.75	£1056.75
3 months	£1114.5	+5	£1069.5
Gold troy oz	$430	+2.5	$502.5
Lead Cash	£294.75	+2.5	£298.25
3 months	£306.25	+2	£310.125
Nickel	£4384		£4384
Free mkt	205/235c	+5	180/210c
Palladium	$160.75	[illegible]	$130.25
Platinum	£320.75	+4.85	£314.00
Quicksilver†	$330/340	......	$335/345
Silver troy oz	725.10p	−5.10	942.75p
3 mths	744.90p	−6.55	967.05p
Tin cash	£8812.5	−15	£8428.5
3 months	£8812.5	−15	£8481
Tungsten	$84.58	......	$78.78
Wolfsm 22.04 lb	$82/85	......	$79/83
Zinc Cash	£447.5	+5.5	£443.5
3 mths	£462.75	+5.5	£459.25
Producers	$750-800	......	$800

	Mar. 3 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$477.5y	+5	$445
Groundnut	‡	......	$460
Linseed Crude	£315	......	£328
Palm Malayan	$380x	+7.5	$375
Seeds			
Copra Philip	‡	......	$505
Soyabean (U.S.)	$257.20	+2.45	$244
Grains			
Barley Fut. May	£121.30	−0.15	£118.50
Maize	£150.50	......	£147.00
Wheat Fut. May	£136.90	+0.25	£129.70
No2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1351	+12	£1331
Fut. May	£1315.5	+12	£1282.5
Coffee Ft. May	£1668	+14.5	£1608.5
Cotton A. Index	77.80c	+0.9	75.25c
Gas Oil Apr.	$228	−2.5	$257
Rubber (kilo)	72p	+1	59.25p
Sugar (Raw)	£106y	+2	£107
Wooltp's 64s	405p kilo	......	406p kilo

‡ Unquoted. x April. y March-April. z Feb-March. † Per 16-lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.25-28.40	—
Iranian Light	27.40-28.50	+1.00
Arabian Heavy	26.50	—
North Sea (Forties)	27.75-27.90	−0.15
North Sea (Brent)	27.80	−0.45
African (Bonny L't)	28.00-28.75	−0.15
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	257-268	+2.0
Gas oil	240	+3.5
Heavy fuel oil	156-157	+1.0

GAS OIL FUTURES

Prices opened about $2.00 down and traded listlessly in a narrow range awaiting news from the informal Opec meeting. Continuing weakness in New York pushed prices to the lows before short-covering lifted the market on the close, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
March	235.25	−0.75	236.25-35.00
April	228.00	−2.50	230.00-26.50
May	225.00	−1.50	225.50-20.75
June	222.00	−3.50	224.50-19.75
July	222.00	−3.00	224.00-19.50
Aug	225.75	−3.25	226.50-21.25
Sept	226.00	−3.00	226.50-23.00
Oct	228.00	−3.00	228.00-27.00
Nov	229.00	−4.00	230.00-29.00

Turnover: 3,278 (4,345) lots of 100 tonnes.

GOLD MARKETS

Gold rose $2½ to $429½-430½ in the London bullion market yesterday. The metal opened at £436½-437½, and was fixed at $431.75 in the morning and $429.50 in the afternoon. It fell to a low of $428¼-429¼, after opening at the day's peak.

In Paris the 12½ kilo gold bar was fixed at FFr 97,000 per kilo ($439.18) in the afternoon, compared with FFr 96,000 ($435.02) in the morning, and FFr 97,000 ($438.80) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,730 per kilo ($432.99 per ounce), against DM 33,730 ($432.00), and closed at $429-430, compared with $428-430.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $435 per ounce, against $431.0.

In *Zurich* gold finished at $428-431, compared with $428-430.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
March	428.00-30.0	−0.500	—
April	432.60-32.8	+0.850	436.00-31.0
May	434.00-36.0	+0.150	—
June	437.70-38.5	+0.200	443.90-37.5
July	441.00-42.5	+0.580	—
August	444.50-46.9	+0.750	—
Sept	448.20-48.0	+1.100	—

	Mar. 3		Mar. 2	
Gold Bullion (fine ounce)				
Close	$429½-430½	(£284-284¾)	$427-428	(£283½-284¼)
Opening	$436½-437½	(£289-290)	$423-424	(£281½-283)
Morning fixing	$431.75	(£285.738)	$431	(£286.379)
Afternoon fixing	$429.50	(£285.875)	$430	(£285.240)

Gold Coins Mar. 3					
Krugrnd	$443½-444½	(£293-293¾)	King Sov	$102-105	(£67½-69½)
½ Krg	$228½-229¼	(£151-151¼)	Victoria Sov	$102-105	(£67½-69½)
¼ Krg	$116½-117½	(£77-77¾)	French 20s	$95¾-98¼	(£63¼-65)
1/10 Krug	$47¼-48¼	(£31¼-31¾)	50 pesos Mex	$515-519	(£340¼-343)
Mapleleaf	$441½-443½	(£291¾-293)	100 Cor. Aust	$417-422	(£275½-278½)
New Sov	$101½-102½	(£67-67¾)	$20 Eagles	$580-590	(£383½-389½)
½ New Sov	$60-63	(£39¾-41)			

EUROPEAN MARKETS

ROTTERDAM, March 3.

Wheat—(U.S. $ per tonne): U.S. No Two Red Winter Mar 150, April 150, May 151, June 143, July 144. U.S. No Three Amber Durum April/May 169, June 171, July 172. U.S. No Two Northern Spring 14 per cent April 169, May 167, June 168.50, July 169.50. Canadian Western Red Spring April/May 185.

Maize—(U.S. $ per tonne): U.S. No Three Yellow spot 135, Mar 135, April/June 134.50, July/Sept 136, Oct/Dec 132.50, Jan/Mar 139 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Mar 231.20, April 233.25, May 239.75, June 237.75, July 240, Aug 243, Sept 244.50, Oct 242.75, Nov 242.75, Dec 246.75, Jan 251.50, Feb 255 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent Feb 207, Mar 206, April 208 traded; afloat 207, Feb 207, Mar 206, April 208, April/Sept 212, Nov/Mar 228 sellers. Pellets Brazil afloat 223, Mar 221.50, April 219, April/Sept 219, May/Sept 219 sellers.

PARIS, March 3.

Cocoa—(FFr per 100 kg): March 1330-1340, May 1390-1394, July 1400 bid, Sept 1465-1470, Dec 1435-1460, March 1440-1470, May 1450-1480.

Sugar—(FFr per tonne): May 1506-1508, July 1575-1590, Aug 1591-1598, Oct 1617-1620, Nov 1615-1620, Dec 1680-1666, March 1775-1786, May 1835-1850.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were generally firmer in quiet trading on the London Metal Exchange. COPPER moved narrowly and closed at £1135, while LEAD was finally £306 and ZINC £464, the latter following Commission House buying. NICKEL rose strongly on rumoured producer covering which lifted three months to a day's high of £3145 before a close of £3142.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1100-1	+4.5	1100-.5	+6.75
3 months	1134-.5	+4.5	1134-.5	+6.75
Settlem't	1101	+4.5	—	.....
Cathodes				
Cash	1083-.5	+7	1083-5	+6.75
3 months	1114-.5	+6.75	1114.5	+5
Settlem't	1083-.5	+7	—	
U.S. Prod.	—	—	*79-83	.....

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1101, three months £1133, 32.50, 33, 33.50, 34, 34.50, 35, 34.50, 34. Cathodes: Cash £1084, 83, three months £1114.50. Kerb: Higher Grade: Three months £1135, 36, 37, 36.50, 36. Afternoon: Higher Grade: Three months £1135, 35.50, 35, 34.50, 34, 34.50, 35, 34.50. Kerb: Higher Grade: Three months £1134, 35. Turnover: 25575 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8815-7	+8.5	8810-5	−15
3 months	8815-6	−2	8810-5	−15
Settlem't	8817	+7	—	.....
Standard				
Cash	8815-7	+8.5	8810-5	−15
3 months	8815-6	−2	8810-5	−15
Settlem't	8817	+7	—	.....
Straits E.	‡$29.58	—		.....
New York				

Tin—Morning: Standard: Cash £8817, three months £8820, 10, 15, 16. Kerb: Standard: Three months £8820. Afternoon: Standard: Cash £8810, three months £8815, 20, 18, 15. Standard: Kerb: Three months £8820. Turnover: 1445 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	294-.75	+1.87	294-.5	+2.5
3 months	306-.5	+1.5	306.5	+2
Settlem't	294.75	+1.75	—	.....
U.S. Spot	—	.....	*20.5-4	.....

Lead—Morning: Cash £294, 94.50, three months £304, 04.50, 05, 04.50, 05.50, 06, 06.50. Kerb: Three months £307, 07.50. Afternoon: Cash £295, three months £307, 06.50. Kerb: Three months £308, 09, 08, 07.50, 07. Turnover: 14100 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	442.5-3.5	+1.5	447-8	+5.5
3 months	458-.5	+2	462.5-3	+5.5
Settlem't	443.5	+1.5	—	.....
Primw'ts	—	.....	*40-.75	.....

Zinc—Morning: Three months £458, 57.50, 58. Kerb: Three months £458, 58.50, 59.50, 61.50, 61. Afternoon: Three months £461, 61.50, 62, 62.50, 63. Kerb: Three months £464, 65, 64, 63.50, 64. Turnover: 8650 tonnes.

ALUMINIUM

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	879-80	+3.5	879.5-80.5	+4.5
3 months	906-7	+4	907.5-8	+5.5

Aluminium—Morning: Three months £905, 07.50, 08, 09, 08.50, 08, 07. Kerb: Three months £907.50. Afternoon: Three months £908, 07.50. Kerb: Three months £907.50, 08. Turnover: 13000 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3032.5	+76	3045-55	+81.5
3 months	3096-7	+89	3120-5	+84.5

Nickel—Morning: Cash £3025, three months £3085, 80, 90, 85, 90, 95, 97, 98. Kerb: Three months £3100, 10. Afternoon: Three months £3110, 20, 15, 25, 30, 25, 29, 25. Kerb: Three months £3130, 35, 40, 45. Turnover: 2862 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 5.1p an ounce lower for spot delivery in the London bullion market yesterday at 725.1p. U.S. equivalents of the fixing levels were: spot $10.942, down 5.5c; three-month $11.176, down 7.2c; six-month $11.41, down 5.9c; and 12-month $11.89, down 5c. The metal opened at 728-734p ($11.00-$11.10) and closed at 720-723p ($10.90-$10.95).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	725.10p	−5.10	724p	−1
3 months	744.90p	−6.50	744.75p	−1.5
6 months	763.85p	−6.05	—	.....
12 months	798.85p	−6.15	—	.....

LME—Turnover 108 (223) lots of 10,000 ozs. Morning: three months 741.00, 40.0, 39.5, 41.0, 42.0, 42.5. Kerb: three months 745.0. Afternoon: three months 742.5, 42.0, 42.5, 43.0, 42.0, 42.5, 44.0. Kerb: three months 744.0, 43.5, 44.0, 43.0, 42.0.

COCOA

Futures traded within a narrow range and ended the day at the highs. Physicals were largely neglected and only nearby positions in the second hand market were believed to have traded, reports Gill and Duffus.

COCOA	Yest'day's Close	+ or —	Business Done
	£per tonne		
March	1286-87		1290-77
May	1315-16	+12.0	1317-295
July	1325-26	+8.5	1330-12
Sept	1332-33	+10.5	1338-24
Dec	1344-46	+10.0	1349-35
March	1356-58	+10.5	1358-50
May	1366-70	+9.5	1370-61

Sales: 4,011 (5,595) lots of 10 tonnes.

ICCO—Daily price for March 3: 86.97 (85.85). Indicator prices for March 4: 85.51 (85.56).

COFFEE

Commission house buying in forwards fuelled a firmer market, reports Drexel Burnham Lambert. May traded at the contract high before retracing slightly in light volume. Additional trade buying prompted a steady close.

COFFEE	Yesterday's Close	+ or —	Business Done
March	1673-79	−3.5	1686-65
May	1666-70	+14.5	1678-50
July	1570-72	+21.5	1582-50
Sept	1505-07	+17.0	1516-95
Nov	1458-59	+8.5	1464-55
January	1411-15	+4.0	1416-15
March	1375-83	+6.5	1386-85

Sales: 4,714 (4,841) lots of 5 tonnes.

ICO indicators price for Mar 2 (U.S. cents per pound). Comp daily 1979 122.20 (121.84): 15-day average 124.09 (124.36).

GRAINS

Old crops opened 25p higher, new crop wheat 5p higher and new crop barley 10p lower. A steady wheat market saw keen all round buying. In the afternoon heavy selling emerged but there was some shipper buying, profit-taking and short-covering at the close, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
Mar	133.85	+0.05	120.35	+0.05
May	136.90	+0.25	121.30	−0.15
July	139.00	+0.25	—	—
Sep	117.60	−0.05	110.90	−0.30
Nov	120.05	−0.05	114.20	−0.30
Jan	123.15	−0.25	117.60	−0.20

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent April-May 123.85, July 124 50 transhipment East Coast sellers. English feed fob April-June 133.75, Sept 120 75 sellers March 131 paid East Coast. Maize: French March 150.50 transhipment East Coast seller. S African white April 112.75 sellers. Barley: English feed fob March 123 East Coast sellers. Rest unquoted.

Business done—Wheat: Mar 134 35-3.00, May 137.30-6.05, July 139.35-8 15, Sept 117.70- 7.65, Nov 120.15-20 10, Jan 123.40-3.15. Sales: 588 lots of 100 tonnes. Barley: Mar 120.65-0 35, May 121 90-1.30, Sept 111.25-10.90, Nov 114.20 only, Jan 117.50 only. Sales: 157 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 118 90, W. Mids 116.80, N. West 118.90. The UK monetary coefficient for the week beginning Monday March 7 is expected to change to 1.010.

HIDES

HIDES—Manchester. Second clears. Ox:31-35.5 kg, 69.2p a kg (67.5p withdrawn); 26-30 5 kg. 75.2p a kg (74.0p withdrawn): 22-25.5 kg. 85.5p a kg withdrawn (86 4p withdrawn). Light cows: 25.5 kg. 82 4p a kg (82 4p).

POTATOES

Prices fell in line with easier Dutch markets, but further profit-taking in April limited the fall, reports Coley and Harper.

Month	Yesterd'y close	Previous close	Business Done
	£ per tonne		
April	69.50	70.00	69.60-69.00
May	74.90	76.00	75.50-74.60
Nov	68.40	67.60	68.00
Feb	77.50	77.50	77.50

Turnover: 436 (478) lots of 40 tonnes.

RUBBER

The London physical market opened about unchanged, attracted little interest throughout the day and closed quietly steady. Lewis and Peat reported a March fob price for No 1 RSS in Kuala Lumpur of 228.0 (same) cents a kg and SMR 20 223.0 (217.5).

No. 1 R.S.S.	Yesterdys close	Previous close	Business Done
	£ per tonne		
Apr	707-712	707-715	—
May	713-719	703-708	—
Apl-Jne	713-718	702-704	717-715
Jly-Sept	740-742	730-731	743-730
Oct-Dec	765-766	752-754	767-760
JanMch	789-790	776-778	—
Apl-Jne	813-814	800-802	804
Jly-Sept	836-837	824-825	—
Oct-Dec	860-862	845-850	—

Sales: 160 (193) lots of 15 tonnes, nil (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: spot 72.00p (71.00p); April 74 00p (73.25p): May 76.00p (74.00p).

SOYABEAN MEAL

The market opened unchanged in dull conditions, reports T. G. Roddick. Prices steadied on mixed buying before easing late in the day.

	Yesterdy's Close	+ or —	Business Done
	£ per tonne		
April	144.30-44.5	−0.25	145.00-44.50
June	145.50-45.5	−0.20	146.10-45.70
August	146.40-46.7	+0.85	147.00-46.50
October	150.00-51.0	−0.85	—
Dec	156.20-56.5	−0.78	156.50
Feb	159.00-59.5	−0.25	—
April	160.00-55.5	−0.50	—

Sales: 39 (93) lots of 100 tonnes.

SOYABEAN OIL—The market opened unchanged and remained at these levels in featureless conditions. Close (U.S. $ per tonne): Volumes of 25 tonnes (56) today 0 (0 call). April 400.00, 405.00: June 413.50, 417.00: Aug 424.00, 430.00: Oct 434.00, 439.00: Dec 442.00, 453.00: Feb 452.00, 464.00: April 462.00, 475.00. (All untraded). Sales: 0 (56) lots of 25 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £106.00 (£104.00) a tonne cif March-April shipment. White sugar £142.00 (£139.00).

The market quickly rallied by about £1.50 from overnight levels and thereafter consolidated the higher quotations in quiet trading conditions, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
May	112.50-12.60	111.40-11.50	113.00-11.25
Aug	120.25-20.40	119.20-19.25	120.75-19.25
Oct	126.20-26.40	125.40-25.50	126.75-25.50
Dec	131.75-32.00	131.00-31.25	132.50-31.50
March	141.40-41.45	140.50-40.40	141.75-41.25
May	144.00-46.00	142.00-45.00	—

Sales: 2,087 (1,631) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.90 (same) a tonne for home trade and £211.00 (£208.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for March 2: Daily price 6.15 (5.96); 15-day average 6.44 (6.46).

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. March 366, 377, 363-362: May 376, 387, 378-378; August 407, 410, 410-402: Oct 415, 420, 418-413; Dec 425, 432, 429-422; Jan 430, 436, 431-424; March 436, 440, 437; May 446, 450, 448-437; Aug 456, 460, 456. Sales: 75.

SYDNEY GREASY WOOL—Close in order: buyer, seller, business). Australian cents per kg. Mar 532.6, 534.0, 533 0-532 0; May 553.5, 554.0, 550 0-550.0; July 567.0, 567.0, 569.0-565.0; Oct 557.0, 558.0, 557.0-555.0; Dec 563.0, 564.0, 565.0-562.0; March 571.0, 574 0, 574.0-572.0; May 579.0, 580.0, 579 0-578.0; July 585.0, 590.0, untraded. Sales: 77.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 731 tonnes. Major transactions were recorded, with considerable interest in a wide variety of growths. Both North and South American styles were sought, while dealings continued on a large scale in Middle Eastern, particularly Russian and Turkish, as well as West and Central African supplies.

MEAT/FISH

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 92.51p per kg lw (−0.75). GB—Sheep 177.65p per kg est dcw (−0.41). GB—Pigs 68.09p per kg lw (−1.03).

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 77.8 to 83.3. Veal—Dutch hinds and ends 135.0 to 139 0. Lamb—English small 79.0 to 85 0. medium 73.0 to 79.0: Scotch heavy 63.0 to 73.0; Imported: New Zealand PL new season 62 5 to 63.0. PL old season 49.5 to 50.0. Pork—English, under 100 lb 33.0 to 50.0. 100-120 lb 44.0 to 49.0. 120-160 lb 35.3 to 46.0.

INDICES

FINANCIAL TIMES

Mar. 2	Mar. 1	M'th ago	Y'ar ago
260.18	259.01	254.89	242.14

(Base: July 1 1952=100)

REUTERS

Mar. 3	Mar. 2	M'th ago	Y'ar ago
1713.6	1708.1	1671.0	1584.4

(Base: September 18 1931=100)

MOODY'S

Mar. 2	Mar. 1	M'th ago	Y'ar ago
1036.2	1027.3	1073.3	991.1

(December 31 1931=100)

DOW JONES

Dow Jones	Mar. 2	Mar. 1	Month ago	Year ago
Spot	135.23	135.78	147.07	125.35
Fut'rs	140.94	139.21	131.78	151.45

(Base: December 31 1974=100)

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-4.80, codlings £2.60-4.00; large haddock £4.60-5.20, medium £4.00-4.80, small £2.50-3.30; large plaice £4.60-4.90, medium £3.50-3.80, best small £3 00-3.70; lemon sole (small) £5.00-6.00; saithe £1.30-2.10.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce—Ortaniques—Jamaican 8.00-9.00. Mandarines—Spania: 4.40-5.20. Karas—Spania: 5.00-5.50. Wilkings—Spania: 4 80-5.40. Satsumas—Spania: 10 kg 5 00-5 50. Minneolas—Jaffa: 4.80-6.50 according to size. Temples—Jaffa: 4 50-6 20. Oranges—Spania: Navels 4.50-5 50: Jaffa: Shamouti 40 5.50, 50 5 70, 60 6 20, 75 6.40, 88 6 50, 105 6.25, 123 6 25, 144 6 10, 168 5.90: Moroccan. Salustianas 5.20-5 60. Lemons—Cyprus: 9 kg 2.60-3 80: Spania: tray 5 kg 25/50 1.80-2 40: Jaffa: carton 4 00-5 50. Grapefruit—Cyprus: 27/56 3 00-4.00: Jaffa: 32 5.00, 36 5.20, 40 5.30, 48 5.40, 56 4 60, 64 4.30, 75 4.10, 88 4.00, Ruby 3 570-7.00; U.S.: Ruby 6.50-9 00 according to size. Apples—French: 18 kg Golden Delicious 5.00-7.00, Starkcrimson 4.00-6.00, Granny Smith 5 50-7 50: U.C. Red Delicious 9 50-12 50: Canadian: Red Delicious 9 20-10 00. Sparton 8 00-8.80. Pears—Cape Williams Bon Cretien 33 lb 5.50-6.50. Beurre Hardy 5 50-7 00: Dutch: Comice 14 lb 4.20. Conference 12 kg 6.60. Italian: Passacrassana 12/14 lb, per lb 0.10-0 18. Peaches—Chilean: single layer tray 8.00-9.00. Nectarines—Chilean: single-layer trays 8.00-9 00. Cape 3 00-3.50. Grapes—Cape: Dan Ben Hannah 5.80, Blen Donne 6.50. Waltham Cross 7.00. Alphonse 6 25. Brazilian: 9 lb Italia 8.00: Chilean: Thompson 5 kg 11.00-12.00. Strawberries—Israeli: 8 oz 1 00: Portuguese 8 oz 1.00. Plums—Cape: Elderado 2.50-4 00, Ruby Nel 2 85-4 00, Harry Pickstone 2.50-5.00. Red Sun 2.50-4 00. President 3.50-4.00, Sungold 3.50-5 00. Kelsey 3.00-4.80. Melons—Cape: white 6.50-7.00. yellow 7 00-9 00: Spanish green 15 kg 14 00-15 00: Brazilian yellow 10 kg 8 00-10.00: Colombian 15 kg 11.00-14.00. Pineapples—Ivory Coast. 20s 0.40, 12'C 0.55, 12'B 0 70 6s 1.00: Ghanaian: each 0 90-1 20 according to size: Kenya 6s 1.30-1.50 Bananas—Colombian: 40 lb boxes 9 60 Avocados—Israeli: 2.50-3.80: Canary: 3 00-3.50. Paw Paws—Brazilian: 7 00 Kiwifruit—New Zealand 8 00-8.50: U.S.: 8.00-8.50. Mangoes—Brazilian: 7 00-7.50; S. African: 5.00-6 50. Asparagus—U.S.: per lb 1 50-2.00. Fennel—Italian: 20 lb 4.00-5 00. Sugar Peas—U S.: 10 lb 12.00: Moroccan: 7 lb 5.50-6.00.

English Produce: Apples: Per pound, Bramley 0.08-0.16, Cox 0.12-0.30, Ida Red 0.08-0.10, Russets 0.14-0.20, Spartan 0 08-0 12, Crispin 0.06-0.10. Pears—Per pound, Conference 0.12-0 25, Comice 0.10-0 25. Potatoes—Per bag 2 20-3 00 Mushrooms—Per pound, open 0 50-0 70, closed 0 40-0.80. Lettuce—Per tray 1 60-2.40. Onions—Per 55-lb 1.80-2 80, Pickling Onions—Per 55-lb 2 00-2.50. Cabbages—Per 25-lb 1.00-1.50: per 28/30-lb white/red 1.50-2.40. Greens—28-lb, Kent 1.80-2.50: Cornish approx 35-lb 3.50-4.00. Brussels Tops—Per 28-lb 1 50-2.00. Sprouts—Per 20-lb 1.00-2.00. Carrots—Per 28/28-lb 1.20-1.60. Turnips—Per 28-lb 1.00-2.20. Swedes—Per 28-lb 0.80-1.20. Parsnips—Per 28-lb 1.20-1.60. Leeks—Per 10-lb 2.00-2.40. Cauliflowers—Kent, 12s 2.00-5 00. Rhubarb—Per pound, Yorkshire 0.26-0 30. Cucumbers—4.50. Tomatoes—Hothouse, per pound 0.35-0.55.

AMERICAN MARKETS

NEW YORK, March 3.

The Opec meeting in London concluded with a statement by the Saudis that they would be willing to comply with a quota of 5.5m barrels, which is less than they indicated they would accept earlier, but significantly more than the 4m barrels or less produced currently. This statement appears to have bearish implications and was accompanied by lower gold prices and a mixed silver market. The precious metals still have not fully resolved the pressure of forced margi nliquidation indicating further potential weakness in the market. Copper reluctantly followed gold on technical selling and commission house liquidation, finishing moderately lower; trade buying and position trading offset the downside pressure. Cocoa trading was very light with trade and commission house inquiries absent; the moderate advance was due mostly to arbitrage buying. Coffee prices advanced moderately on light support based on quota cut expectations. Sugar prices sold off slightly on a private estimate of beet plantings showing only a negligible decline in 1983. Late selling in the grain markets generated by profit-taking and local liquidation left the soyabeans and the grains unchanged to fractionally higher, reported Heinold Commodities.

NEW YORK

COCOA 10 tonnes, $/tonnes

March	1768	1776	1750	1767
May	1830	1835	1804	1794
July	1859	1863	1837	1829
Sept	1875	1884	1860	1843
Dec	1891	1895	1875	1858
March	1915	1925	1915	1900

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
March	125.02	125.98	125.30	125.25
May	122.31	122.90	122.16	121.79
July	120.64	120.95	120.35	120.22
Sept	119.55	120.00	119.40	119.28
Dec	116.50	116.80	116.25	116.10
March	114.15	114.15	113.90	113.63
May	112.13	111.00	111.00	110.75
July	108.88	109.00	108.75	108.50

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
March	76.20	77.30	76.20	76.50
April	76.60	—	—	76.85
May	77.35	78.35	77.25	77.60
July	78.75	79.80	78.60	79.00
Sept	80.00	81.25	80.00	80.30
Dec	81.55	82 80	81.50	81.85
Jan	82.05	83.00	82 60	82.35
March	83.05	84.40	83.50	83.35
May	84.05	85.25	83.90	84.35
July	85.05	86.20	86.10	85.30

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	71.45	71.85	71.08	72.00
May	70.95	71.53	70.50	71.48
July	70.50	71.00	70.05	70.90
Oct	68.70	69.30	68.80	68.80
Dec	68.62	69.00	68.50	68.55
March	69.95	70.00	69.95	69.75
May	70.75	—	—	70.65
July	71.50	—	—	71.40

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
March	430.3	434.0	428.5	433.5
April	433.0	437.3	430.5	436.0
May	436.0	—	—	439.0
June	439.0	443.0	436.3	442.0
August	445.3	449.0	442.5	448.3
Oct	451.8	456.0	450.5	454.8
Dec	458.5	460.5	456.0	461.5
April	472.5	476.0	470.5	475.5
Feb	465.4	470.0	464.5	468.4
June	479.8	483.0	480.0	482.8
August	487.3	491.0	488.0	490.3
Oct	495.0	—	—	498.0
Dec	502.9	508.0	504.0	505.9

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

April	71.98	72.40	70.85	71.86
May	70.92	71.10	69.45	70.62
June	70.44	70.55	69.25	70.34
July	70.48	70.70	69.45	70.60
Aug	71.25	71.25	70.20	70.90
Sept	71.75	71.75	71.00	71.75
Oct	72.75	72.00	71.75	72.50
Nov	73.50	73 50	72.50	72.25
Dec	74.05	74.00	73.25	74.00

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
May	6.34	6.48	6.28	6.38
July	6.59	6.76	6.56	6.67
Sept	6.94	7.08	6.90	6.97
Oct	7.17	7.33	7.14	7.22
March	8.21	8.33	8.15	8.22
May	8.48	8.56	8.44	8.49
July	8.75	8.85	8.70	8.71

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
March	406.4	409.5	405.0	406.2
April	408.4	411.0	406.1	408.2
July	413.4	415.0	411.0	412.9
Oct	420.9	422.0	418.0	420 4
Jan	428.4	430.0	428.0	427.9
April	435.9	440.0	435.5	435.4

SPOT PRICES—Chicago loose lard 16 50 (17.00) cents per pound. Handy and Harman silver bullion 1087.0 (1086.0) cents per troy ounce. New York tin 617.0-18.0 (614.0-18.0) cents per pound.

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
March	1088.0	1096.0	1075.0	1072.0
April	1094.0	1095.0	1084.0	1076.0
May	1102.0	1112.0	1087.0	1087.0
July	1118.0	1130.0	1105.0	1104.5
Sept	1134.0	1147.0	1122.0	1122.0
Dec	1158.0	1177.0	1150.0	1148.5
Jan	1166.0	1185.0	1160.0	1157.2
March	1182.0	1210.0	1185.0	1174.7
May	1198.0	1220.0	1200.0	1192.2
July	1214.0	1220.0	1212.0	1209.7

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
April	65.70	66.12	65.55	65.87
June	65.90	66.30	65.65	66.02
Aug	63.80	64.25	63.70	63.95
Oct	61.50	61.90	61.45	61.55
Dec	62.65	62.80	62.30	62.50
Feb	62.50	62.55	62.20	62.45

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
April	51.95	52.85	51.80	52.60
June	54.37	55.10	54.25	54.85
July	54.62	55.30	54.50	55.00
Aug	52.75	53.40	52.55	53.07
Oct	48.20	48.70	48.00	48.50
Dec	47.60	48.40	47.60	47.80
Feb	47.95	48.30	47.90	48.30
April	46.60	47.00	46.60	47.00

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
March	280.4	280.4	277.6	277 6
May	289.0	289.0	286.6	287.6
July	294.4	294.4	292.0	293.4
Sept	290.2	290.4	288.5	289.6
Dec	289.4	289.6	287.4	288.4
March	299.2	299.2	297.2	298.2
May	306.4	306.4	304.6	305.0

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
March	72.20	74.65	72.07	74.07
May	73.37	75.85	73.37	75.37
July	73.15	75.50	72.90	74.80
Aug	71.47	73.60	71.15	72.97
Feb	62.95	64.65	62.55	63.92
March	61.90	63.85	61.80	62.95
May	64.05	65.00	64.05	64.15
July	64.00	65.00	64.00	64.55

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
March	572.0	572.0	567.0	568.0
May	586.0	586.4	582.2	584 4
July	598.4	599.0	595.0	597.2
August	603 0	603.0	599.4	602.4
Sept	605.4	606.0	602.4	604 0
Nov	616.0	617.0	613.0	615.4
Jan	628.0	629.4	626.0	628 0
March	640.4	642.0	638.6	641.0
May	651.4	653.0	650.4	652.0

SOYABEAN MEAL 100 tons—$/ton

	Close	High	Low	Prev
March	169.7	170.0	168.8	168.9
May	174.6	175.0	173 5	174.2
July	177.8	178.2	176.5	177.6
August	179.3	179.6	178.5	179 5
Sept	181.3	181.3	180 5	181.0
Oct	182.0	183.0	181.5	182 0
Dec	186.5	188.0	186.0	186.7
Jan	188.0	188 0	188.0	188.5

SOYABEAN OIL 60,000lb, cents/lb

	Close	High	Low	Prev
March	16.85	16.85	16.72	16 77
May	17.15	17.26	17.08	17 17
July	17.52	17.55	17 44	17.53
August	17.64	17.70	17.58	17.68
Sept	17.80	17 86	17.73	17 80
Oct	17.93	17.98	17 85	17 92
Dec	18.20	18 25	18.12	[illegible]
Jan	18.30	18.35	18.30	[illegible]
March	18.61	18.64	18.60	18.62

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
March	314.0	315.2	312 2	312.4
May	327.2	328.2	325.2	325.6
July	338.2	338 4	336.2	336 2
Sept	348.4	349 6	346.4	346.4
Dec	366.0	367.2	364.0	363.4
March	378.2	378.4	377.0	376.2

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price	+ or −	Int.	Red.
98¾	85¼	Aust. 6pc 1981-83 ..	97½		6.24	11.34
83¾	57	N Z 7¼pc 1988-92 ..	75¾		9.77	11.88
93½	74¾	Do 7½pc '83-86 ..	90¾		8.40	11.44
167	136	S. Rhod 2½pc Non-Av.	162		—	—
80	58	Do 3½pc 80-85 Assd	76xd	+2	4.61	15.40
55	32	Do 4½pc 87-92 Assd.	46		10.31	17.00
402	318	Zimbabwe Am (+100pa)	368	+3	—	19.70

LOANS

Public Board and Ind.

High	Low	Stock	Price	+ or −	Int.	Red.
77½	57¼	Agric. Mt. 5pc '59-89	75		6.73	10.66
38	24¾	Met. Wtr. 3pc 'B'....	33xd	+⅛	9.05	11.72

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
282	182	ANZ SA1	215	+5	Q28c	3.1	8.2	3.9
315	205	Alexanders D. £1.	282xd		20.0	—	10.1	—
£80	£48	Algemene Fl 100	£80	+1	Q26%	1.8	7.9	7.1
105	75	Allied Irish	105		Q45.3%	4.0	9.3	3.4
164	85	Ansbacher (h.) 50p	87	..	3.5	—	5.7	—
280	200	Bk. Ireland £1	280		Q29.4%	—	9.1	—
3½	2	Bank Leumi....	2½	..	—	—	—	—
*227	130	Bk Leumi (UK)£1	150		10.15	—	10.1	—

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued.

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1982/83 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
300	75	Falcon Rh.50c	250	.....	Q25c	10.3	7.0
27	18	Wankie Col. Z$1	19	.....	tQ3c	1.2	10.7
28	12	Zam Cpr.SBD0.24	24	.....	—	—	—

Australians

1982/83 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
28½	10	♥ACM 20c	19½	+1	—	—	—
28	6	♥Argosy Gold NL 25c	8		—	—	—
63	42	♥Black Hill Mins	49	+1	—	—	—
151	52	♥Bond Corp	59		q010c	2.3	11.5
254	58	♥Bougainville I Kina	149	+15	Q3.42c	♦	1.5
273	147	♥CRA 50c	252	-1	Q3c	—	0.7
154	10	♥Carr Boyd 20c	104	+6	—	—	—
56	21½	♥Central Pacific	23	+1	—	—	—
380	252	♥Crusader Oil	220	-10	—	—	—

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL AND IRISH STOCKS

[illegible]

OPTIONS

3-month Call Rates

Industrials				Property	
[illegible]				[illegible]	
Barclays Bank	35	Legal & Gen.	28	Brit. Land	7½
Beecham	35	Lex Service	15	Cap. Counties	12
Blue Circle	44	Lloyds Bank	35	Land Secs.	26
Boots	22	"Lots"	4	MEPC	17
Bowaters	19	London Brick	11	Peachey	14
Brit. Aerospace	20	Lucas Inds.	12	Samuel Props.	10
B.A.T.	50	"Mams"	12	Town & City	3
Brown (J.)	4	Mrks. & Spncr	16		
Burton Ord.	29	Midland Bank	30	Oils	
Cadburys	11	N.E.I.	9	Brit. Petroleum	26
Courtaulds	8	Nat. West. Bank	38	Burmah Oil	12
Debenhams	8½	P & O Dfd.	14	Charterhall	5
Distillers	20	Plessey	50	KCA	8
Dunlop	5½	Racal Elect	45	Premier	4
Eagle Star	30	R.H.M.	6	Shell	35
F.N.F.C.	4	Rank Org. Ord.	15	Tricentrol	22
Gen. Accident	30	Reed Intnl.	26	Ultramar	42
Gen. Electric	24	Sears	9		
Glaxo	45	T.I.	13	Mines	
Grand Met.	25	Tesco	8	Charter Cons.	20
G.U.S. 'A'	50	Thorn EMI	38	Cons. Gold	40
Guardian	35	Trust Houses	13	Lonrho	8
G.K.N.	15	Turner & Newall	4	Rio T. Zinc	42
Hawker Sidd.	30	Unilever	65		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 29

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weaker but pound improves

The dollar lost ground in currency markets yesterday. Dealers reported a light volume with most currencies trading in narrow spreads. There was little incentive to take out fresh positions in view of current uncertainty caused by the Opec meeting and Sunday's West German general election.

Sterling finished on a brighter note with a slightly more optimistic tone creeping into the market.

DOLLAR—Trade weighted index (Bank of England) 120.2 against 120.8 six months ago. The dollar is showing renewed strength as a safe haven for funds during a period of extreme uncertainty about the effects of falling oil prices on other currencies. U.S. interest rates have not fallen as sharply as once expected, partly because of the high level of Federal funding. These factors are tending to outweigh the present trade position and large U.S. balance of payments deficit.

The dollar closed at DM 2.4250 from DM 2.4315 against the D-mark and SwFr 2.0530 from SwFr 2.0515. It was also lower in terms of the Japanese yen at Y236.25 from Y237.10 and FFr 6.8740 compared with FFr 6.8925.

STERLING — Trading range against the dollar in 1982-83 is 1.9265 to 1.5065. February average 1.5735. Trade weighted index 79.8 compared against 79.6 at noon and 79.6 in the morning and compared with 79.6 on Wednesday and 91.7 six months ago. Sterling has renewed its recent decline and is still very weak and vulnerable. Uncertainty about the level of world oil *prices, despite the recent cut of* $3 a barrel in North Sea Values, is the major factor. Falling inflation, a decreasing budget deficit and good trade figures until recently, have been ignored.

Sterling opened at $1.5110 against the dollar and eased in the morning to a low of $1.5070. It recovered in the afternoon *however to touch a best level of* $1.5150 before closing at $1.5125-1.5135, a rise of 65 points. Agaoinst the D-mark it rose to DM 3.67 from DM 3.6625 and SwFr 3.11 from SwFr 3.09. It was also firmer against the yen at Y358 compared with Y357.5 and FFr 10.4050 from FFr 10.3750.

D-MARK — Trading range against the dollar in 1982-83 is 2.4940 to 2.2410. February average 2.4260. Trade-weighted index 128.7 against 125.4 six months ago. The D-mark has been unsettled during the run up to Sunday's general election. Favourable trade figures and the absence of any cut in interest rates during the election campaign have helped to underpin the currency, although a recent *move back into the dollar* has depressed European currencies in general. The Bundesbank bought $9.7m when the dollar fell to DM 2.4233 from DM 2.4260 at the Frankfurt fixing, but no significance was attached to the central bank intervention. Sterling rose to DM 3.6580 from DM 3.6570, but the Swiss franc fell to DM 1.1815 from DM 1.1842. Within the EMS the weak Belgian franc was un*changed at DM 5.0740 per 100* francs, while the French franc was fixed at DM 35.260 per 100 francs, compared with DM 35.265, still above its floor level of DM 34.50 thanks to recent heavy intervention by the Bank of France.

FRENCH FRANC — Trading range against the dollar in 1982-1983 is 7.3250 to 5.6850. February average 6.8791. Trade-weighted index 74.3 against 73.0 six months ago. The French franc remains under pressure in the EMS and has been at a record low against *the D-mark. This has prompted* repeated central bank intervention and very high Eurofranc interest rates, amid rumour of an EMS realignment. The dollar *fell to FFr 6.8695 from FFr 6.8755* at the Paris fixing, while the D-mark was unchanged at FFr 2.8355. Sterling rose to FFr 10.3730 from FFr 10.3690, and the Dutch guilder to FFr 2.5650 from FFr 2.5627. In the week ending February 24 the Bank of France had a net currency outflow of about FFr 5.5bn.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 3	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9704	44.9839	+0.05	+1.60	±1.5501
Danish Krone ...	8.23400	8.16101	−0.89	+0.66	±1.6430
German D-Mark	2.33379	2.28348	−2.16	−0.61	±1.0888
French Franc ...	6.61387	6.47465	−2.10	−0.55	±1.3940
Dutch Guilder ...	2.57971	2.52459	−2.14	−0.59	±1.5004
Irish Punt.........	0.691011	0.688477	−0.37	+1.18	±1.6691
Italian Lira	1350.27	1320.93	−2.17	−1.71	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

CURRENCY MOVEMENTS

CURRENCY RATES

THE POUND SPOT AND FORWARD

THE DOLLAR SPOT AND FORWARD

EXCHANGE CROSS RATES

Mar. 3	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Dutch Guilder	0.246	0.378	0.904	86.18	2.563	0.766	1.	525.0	0.456	17.81
Italian Lira 1,000	0.471	0.718	1.728	168.6	4.900	1.465	1.912	1000.	0.871	34.05
Canadian Dollar	0.541	0.818	1.984	193.6	5.625	1.682	2.195	1148.	1.	39.09
Belgian Franc 100	1.383	2.093	5.076	495.2	14.39	4.302	5.615	2937.	2.558	100.0

FINANCIAL FUTURES

Sentiment improves

Sentiment continued to recover in the sterling interest rate contracts on the London International Financial Futures Exchange yesterday. The June long-term gilt price opened [illegible] higher at 102-14, and soon advanced above the important resistance level of 102-16. This was the third time that the June contract had moved up to this point in recent weeks, but the first time it continued to rise, touching a peak of 102-27, before closing at 102-24 a gain of [illegible] on the day.

Market sources suggested that having broken an important chart point further advances could be looked for, providing the present bull market in U.S. Treasury bonds continues.

Yesterday's strong Treasury *bond performance on the* Chicago Board of Trade followed recent comments by Federal Reserve Board chairman Mr Paul Volcker about easier U.S. interest rates and falling inflation.

Sentiment on Liffe was also helped by hopes that Opec would soon call a full meeting of ministers, pointing towards an early settlement of prices and production quotas. Large price cuts have already been discounted by the market, and almost any settlement level was expected to be good for sterling and other currencies against the dollar.

The June against September short sterling interest rate spread continued to move out, reflecting bullish sentiment. June rose 16 points to 89.79, and September 6 points to 90.22, indicating that the market has not lost hope of a fairly early cut in London interest rates.

Eurodollar volume remained steady, but contracts continued to move in a narrow range.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	91.38	91.40	91.37	91.32
June	91.24	91.25	91.19	91.15
Sept	91.00	91.02	90.97	90.93
Dec	90.80	—	—	90.74
March	90.61	—	—	90.40

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	78-05	78-26	78-01	77-25
June	77-18	78-08	77-14	77-08
Sept	77-01	77-19	76-30	76-20
Dec	76-18	77-04	76-15	76-04
March	76-03	76-14	76-01	75-21

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday March 2 1983. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.60
Albania	Lek	6.6821
Algeria	Dinar	4.647
Andorra	Fr. Franc	6.8775
	Sp. Peseta	131.27
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	6.8775
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	40.4389
Peru	Sol	1106.90
Philippines	Peso	9.616
Pitcairn Is.	N.Z. Dollar	1.4037
Poland	Zloty (O)	86.85
Portugal	Escudo	93.00

MONEY MARKETS

UK interest rates slightly easier

UK clearing bank base lending rate 11 per cent (since January 12 and 13)

UK interest rates were a little easier yesterday as a more bullish note was detected in the market. Once again the Bank of England gave sufficient assistance to meet the day's shortage and overnight funds were taken very cheaply towards the close. Overnight interbank money opened at 11⅜-11½ per cent and came down to 11-11¼ per cent before returning briefly to 11⅜ per cent. After the Bank second round of assistance rates fell away with little interest in funds even though rates were down to 1 per cent.

The Bank forecast a shortage of around £600m, later revised to £650m, with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills —£106m and the unwinding of previous sale and repurchase agreements —£228m. Exchequer transactions drained £90m from the system and a rise in the note circulation a further £40m.

The Bank gave assistance in the morning of £587m, comprising purchases of £2m of eligible bank bills in band 1 (up to 14 days) at 11 per cent and £157m in band 2 (15-33 days) at 11 per cent. It also bought £2m of eligible bank bills in band 3 (34-63 days) at 11 per cent. The balance of the help was made up of sale and repurchase agreements on £426m of bills at 11-11 1/16 per cent, unwinding on March 9. Assistance in the afternoon comprised purchases of £70m of eligible bank bills, making a grand total of £657m. The Bank bought £10m in band 1 and £60m in band 2, all at 11 per cent.

In Frankfurt the Bundesbank *left its credit policies and key* lending rates unchanged at yesterday's meeting of the central council. This was in line with market expectations with *no changes anticipated ahead of* Sunday's general election. In the money market call money was little changed at 5.90 per cent compared with 5.95 per cent on Wednesday.

In Rome the state-controlled Banca Nazionale del Lavoro cut its prime rate to 19.5 per cent from 20 per cent. A statement released by the bank suggested *that a small reduction in Italian* interest rates might be desirable given the current 16.3 per cent inflation level.

LONDON MONEY RATES

Mar. 3 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ϕ	Eligible Bank Bills ϕ	Fine Trade Bills ϕ
Overnight	—	1-11½	—	—	—	7-11½	5-11⅛	—	—	—
2 days notice	—	—	11¼	—	—	—	—	—	—	—
7 days or ...	—	—	—	—	—	11⅝-11¾	—	—	—	—
7 days notice	—	11¼-11½	11¼-11⅜	—	—	11⅝-11¾	11-11⅛	—	—	—
One month	11⅜-11¼	11⅜-11½	11¼	12-11⅝	11⅜	11¾	11	11-11 1/32	11 1/32	11 [illegible]
Two months	[illegible]	[illegible]	11¼	11¾-11⅝	11⅜	11⅝	11	11-11 [illegible]	10 [illegible]-11	11⅝
Three months	[illegible]	[illegible]	11¼	11¾-11⅜	11⅜	—	10¾-10⅞	10⅞-11	10 [illegible]-10 [illegible]	11 [illegible]
Six months	[illegible]	[illegible]	11-11 [illegible]	10½-10¼	11⅛	—	—	—	10⅝-10 [illegible]	11 [illegible]
Nine months	[illegible]	10⅞-11⅛	—	11⅛-10¾	11	—	—	—	—	—
One year	[illegible]	[illegible]	10¾	10⅞-10½	10⅞	—	—	—	—	—
Two years	—	—	10 [illegible]-11	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period February 2 to March 1 1983 (inclusive) 11.391 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11⅛-11⅜ per cent; four years 11¼-11½ per cent; five years 11¼-11½ per cent. ϕBank bill rates in table are buying rates for prime paper. Buying rate for four month bank bills 10 [illegible] per cent; four months trade bills 11⅞ per cent.

Approximate selling rate for one month Treasury bills 10 [illegible]-11 per cent; two months 10¾-11 per cent and three months 10¾-10 15/16 per cent. *Approximate selling rate for one month bank bills 11 per cent; two months* 10 [illegible]-10 [illegible] per cent and three months 10 [illegible]-10⅞ per cent; trade bills 11 [illegible] per cent: two months 11½ per cent and three month 11 [illegible] per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11½ per cent from March 1 1983. London and Scottish Clearing Bank Rates for lending 11 per cent. London Deposit Rates for sums at seven days' notice 8 per cent.

Treasury Bills: Average tender rate of discount 10.8439 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held one month 11½ per cent; one-three month 11½ per cent; three-six month 11¼ per cent; six-12 month 11¼ per cent. Under £100,000 11 per cent. The rate for all deposits withdrawn for cash 8½ per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES

(Market closing rates)

MONEY RATES

FT LONDON INTERBANK FIXING